

Non-Financial Declaration

We publish the non-financial declaration in accordance with the provisions of the German Commercial Code (HGB). They apply to the former Daimler AG (Sections 289b–289e HGB) and the former Daimler Group (Sections 315b, 315c HGB) — now known as Mercedes-Benz Group AG and the Mercedes-Benz Group, respectively — for the reporting period 1 January 2021 to 31 December 2021. Daimler Truck AG is only included in this non-financial declaration for the period prior to the spin-off and hive-down, i.e., 1 January to 9 December 2021. Any information about Daimler Truck that is presented below refers solely to the aforementioned time period. 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. You can find additional information on our business model in the Business Model chapter, while further details of the risks connected with the aspects covered in this report can be found in the Risk and Opportunity Report.

Sustainability as value added

At the Mercedes-Benz Group, sustainability means generating sustainable economic, environmental and social value added for our stakeholders, i.e., our customers, employees, investors, business partners and society as a whole. Sustainable development is therefore part of the brand essence of Mercedes-Benz and a guiding principle of our actions and all our interactions with our customers. This holistic strategic approach applies not only to our own products and manufacturing locations but also to our entire upstream and downstream value chain.

Pursuing sustainable business strategies

The Mercedes-Benz Group acts in line with the sustainable business strategies adopted by the Board of Management in 2019. This means that rather than being supplements to the business strategies, sustainability issues are instead an integral component of them.

Our strategic goals are based on the UN's Sustainable Development Goals (SDGs) — especially SDGs 8 and 9 and 11 to 13 — among other factors. In addition, they take into account recognised international frameworks, the requirements of the external and internal stakeholders, and global trends. From this prioritisation, we have also derived Group-wide areas of action and areas of responsibility, as well as business-specific targets, processes and measures. Additional information: [🌐 \[sdgs.un.org/goals\]\(https://sdgs.un.org/goals\)](https://sdgs.un.org/goals)

We have also formulated strategic ambitions for each of our six areas of action:

- **Climate protection & air quality:** Plans call for our new vehicle fleet to be CO₂-neutral across the entire life cycle by 2039 and to no longer have any relevant impact on NO₂ levels in urban areas by 2025.
- **Resource conservation:** We want to decouple resource consumption from business volume growth.
- **Sustainable urban mobility:** We contribute to the improvement of the quality of life in cities through our leading mobility and transport solutions.
- **Traffic safety:** We are working to make our vision of accident-free driving a reality as we develop automated driving systems while also taking social and ethical issues into account.

- **Data responsibility:** Our future consists of sustainable, data-based business models. With these business models, we focus on the needs of our customers and the responsible handling of data.
- **Human rights:** We have assumed responsibility for respecting and upholding human rights along our automotive value chain.

We strive to cooperate in trust-based relationships with our partners in industry, government and society at large, in order to make these ambitions a reality. For more information, see the Social Issues chapter.

We also rely on the dedication and commitment of our workforce, who are helping to shape the transformation. We have defined three enablers, or principles, that are crucial for achieving success in the six areas of action: integrity, people and partnerships.

As was the case in the previous financial year, the Mercedes-Benz Group integrates the Non-Financial Declaration into the Combined Management Report of this Annual Report. Each year, we examine whether and how we should refine the integration of financial and non-financial key figures. 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 from the end of March 2022. group.mercedes-benz.com/sustainability

Materiality analysis

We conducted a comprehensive materiality analysis in 2020 in order to determine which sustainability issues are particularly relevant for the companies of the Group and its stakeholders. The results of this analysis are still being used in our current reporting at the Mercedes-Benz Group. In the reporting year, due in particular to the restructuring of the Group at the end of 2021, we started to carry out the materiality analysis for the new Mercedes-Benz-Group. This analysis is to be completed in 2022.

The materiality analysis conducted in 2020 addressed the existing strategic areas of action as well as further potentially relevant sustainability issues and trends. The

analysis consists of several components: a comprehensive analysis of competitors, media reporting, regulatory requirements, information relevant to capital markets, as well as the influence of the SDGs and an online stakeholder survey and interviews with experts.

In a subsequent step, the sustainability issues that resulted from this analysis were assessed with regard to financial position, cash flows, profitability and business development, in order to define the topics for this Non-Financial Declaration. For this reason, not all strategic areas of action are shown in this non-financial statement.

Managing sustainability

We are managing our 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 organisational structures used at all of our divisions.

The Group Sustainability Board (GSB) is our central management body for all sustainability issues 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 & Procurement, who is also Chief Technology Officer). The Chairman of the Board of Management and the Board of Management members responsible for Finance, Marketing & Sales as well as representatives of additional important functions and departments are members of the GSB. The operational work is done by the Sustainability Competence Office (SCO), which consists of representatives from the units managed by the two Co-chairs of the GSB as well as additional representatives from Corporate Strategy, Finance and Corporate Communications. Besides performing its other tasks, 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 in the form of detailed scorecards at least once a year. We also use the ten principles of the UN Global Compact as a fundamental guide

for our business operations. As a founding member, the Mercedes-Benz Group 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 OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The company bonus provides short-term and medium-term variable components of remuneration for the Board of Management and Level 1–3 executives, as well as for Level 4 managers in some cases. These components are linked not only to financial targets but also to sustainability-related transformation targets and non-financial targets that focus on customers, integrity and employee commitment and diversity. Further information can be found in the 2021 Remuneration Report.

group.mercedes-benz.com/company/corporate-governance/declarations-reports

Sustainable investment

Sustainability criteria (ESG criteria) are becoming increasingly important for asset managers. This trend is also reflected by the increasing number of investors who have committed themselves to the UN Principles for Responsible Investment (PRI), which were presented in 2006.

The sustainable business strategy at the Mercedes-Benz Group requires a major amount of investment. For this reason, one of our goals is that our shares are viewed by the capital market as a sustainable investment.

In 2020, we developed a Group-wide Green Finance Framework in order to position ourselves even more effectively as a sustainable company worthy of investment and to enable us to utilise the opportunities that ESG-based capital offers for corporate development. The Green Finance Framework makes it possible for us to finance targeted investment in sustainable technologies through bonds and loans, for example. To date, we have issued green bonds with a total volume of €2 billion on this basis, in September 2020 and March 2021. The framework is based on the Green Bond Principles

and voluntary process guidelines of the International Capital Market Association (ICMA). In 2020, the Green Finance Framework was presented in a virtual roadshow and attracted a great deal of interest among investors. The framework has also received certification with the highest rating — “Dark Green” — from the respected Centre for International Climate and Environmental Research (CICERO) in 2020. group.mercedes-benz.com/dokumente/investoren/anleihen/rating/2020-06-18-daimler-green-finance-2nd-opinion-cicero.pdf

EU taxonomy

One of the important goals of the Commission Action Plan on Financing Sustainable Growth is to divert capital flows to sustainable investments as part of the European Green Deal. This is also the logic behind the EU taxonomy regulation that came into force in mid-2020. This regulation governs the establishment of a standardised 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. Companies are required to apply the taxonomy regulation if they have to draw up a non-financial declaration pursuant to Article 19a or Article 29a of the EU accounting directive, which is implemented in Germany in Section 289b Subsection 1 and Section 315b Subsection 1 of the German Commercial Code (HGB). As a result, the Mercedes-Benz Group is obliged to apply the taxonomy regulation. The proportions of revenue, capital expenditure and operating expenses accounted for by environmentally sustainable economic activities are to be reported on an annual basis. These proportions are determined on the basis of IFRS amounts.

In accordance with an exemption granted by the EU for the regulation's initial application period, only the proportions of revenue, capital expenditure and operating expenses accounted for by taxonomy-eligible and taxonomy non-eligible economic activities have to be reported in the 2021 reporting year. For an economic activity to be taxonomy-eligible, that activity must be mentioned and explained in further detail in the delegated acts. In addition, only the first two environmental objectives (climate-change mitigation and climate adaptation) are relevant for the current reporting period. Descriptions of relevant activities and technical

screening criteria have already been made available via delegated acts. Climate mitigation in particular is to be regarded as the relevant environmental objective for the Mercedes-Benz Group.

From 2022, taxonomy alignment will have to be assessed alongside taxonomy eligibility.

In the future, 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”, also exclude the possibility of significant interference with another environmental objective. In addition, compliance with minimum social standards with regard to occupational safety and human rights must be ensured.

Through its descriptions of economic activities in the delegated acts, the taxonomy regulation specifies which activities are basically taxonomy-eligible. The Group used these descriptions as a basis for determining whether, and to what extent, specific economic activities are taxonomy-eligible. Activities such as manufacture of low carbon vehicles and activities in the “transport” sector involving low carbon transport solutions for people and goods were identified as being taxonomy-eligible. Thereby, outside the technical screening criteria, the taxonomy regulation does not define low carbon. In a draft document that the European Commission published on 2 February 2022 in order to clarify open interpretation questions that have arisen as a result of the EU taxonomy (“Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets”, hereinafter “Interpretation Document”), 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 in the current reporting period, and is therefore not taken into consideration by Mercedes-Benz Group AG for the depiction of the taxonomy-eligible proportions. With

regard to car manufacturers in particular, question 9 of the document shows as an example that the activity “manufacture of low carbon vehicles” also includes vehicles with combustion engines. At the same time, the document shows that reporting on taxonomy eligibility generally does not yet amount to an assessment of environmental sustainability within the framework of taxonomy alignment. For Mercedes-Benz Group AG, this clarification by the European Commission means that the manufacture of all Group vehicles is reported as taxonomy-eligible in financial year 2021.

For reasons of transparency, we are also already voluntarily reporting this year on the proportions of vehicles with emissions below 50g CO₂/km per vehicle (in accordance with the WLTP) as defined in the technical screening criteria. All battery-electric vehicles and all plug-in hybrid vehicles that emit less than 50g CO₂/km are accordingly considered to be low carbon vehicles. By disclosing the proportions of these low carbon vehicles, we are already adopting an important measure for taxonomy alignment reporting that will not become mandatory until 2023. Additional measures for achieving taxonomy alignment will include the reviews of compliance with the “do no significant harm criteria” and minimum social standards.

Mandatory reporting on taxonomy eligibility

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Overview of the proportions of taxonomy-eligible economic activities

	Absolute total (denominator) in millions of euros	Proportion of taxonomy-eligible economic activities in % ¹	Proportion of non-taxonomy- eligible economic activities in % ¹
Revenue	133,893	99%	1%
Capital expenditure	27,946	100%	0%
Operating expenses ¹	6,576	100%	0%

¹ The key figures were audited in the form of a limited assurance.

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

Scope of companies to be included

Generally, we include all consolidated Group companies in the calculations for Group key figures. However, companies that are included in the consolidated financial statements using the equity method are excluded here.

Revenue

For the share of taxonomy-eligible revenue, 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 Group companies that are to be included in the calculations, with the exception of companies that have been separately disclosed as discontinued operations in the statement of income. This revenue, as disclosed in the consolidated statement of income, amounted to €133,893 million in the 2021 reporting year (Note 5 of 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/financing of vehicles. This applies to almost all of the revenue generated by the Mercedes-Benz Group.

Capital expenditure

For the share of taxonomy-eligible capital expenditure, the taxonomy-eligible capital expenditure is considered in relation to the total relevant capital expenditure of the Group.

According to the taxonomy regulation, the denominator of the key figure for capital expenditure is calculated by taking into account all additions to intangible assets, equipment on operating leases and property, plant and equipment, as well as additions to rights-of-use assets as defined in International Financial Reporting Standard (IFRS) 16 including the additions to the named assets within the framework of corporate acquisitions. 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 €27,946 million in the 2021 reporting year (notes 11, 12 and 13 in the Notes to the Consolidated Financial Statements).

According to the aforementioned interpretation document by the European Commission, the definition of an economic activity is characterized by the achievement of an output. In line with our business model, the numerator was therefore determined by examining whether capital expenditure is needed for the manufacture of vehicles or in connection with transport solutions for people and goods. This applies to nearly all of our capital expenditure.

Operating expenses

For the share of taxonomy-eligible operating expenses, taxonomy-eligible operating expenses are put in relation to the relevant operating expenses of the Group.

The operating expenses to be taken into account in the denominator include non-capitalised research and development expenditure and expenses from short-term leasing agreements. In addition, expenditure from building renovation measures and certain maintenance and repair expenses 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 manufacture companies on the basis of materiality considerations. The operating expenses at the Group companies that are to be taken into account are included, with the exception of companies that have been separately disclosed as discontinued operations in the statement of income.

According to the approach taken for capital expenditure, the relevant operating expenses were 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 of our operating expenses.

Voluntary reporting on the proportions of low carbon vehicles (below the limit value of 50g CO₂/km)

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	Proportion of economic activities relating to low carbon vehicles ¹	Proportion of economic activities relating to non low carbon vehicles ¹
Revenue	7%	93%
Capital expenditure	21%	79%
Operating expenses	24%	76%

¹ The key figures were audited in order to obtain limited assurance.

Revenue

In order to additionally calculate the proportion of economic activities relating to low carbon vehicles, revenue was examined to determine the extent to which it was generated with low carbon vehicles. 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 amount of 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 and clearly match 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 or production volume data for the fleet that is currently on the market.

By the end of this decade, Mercedes-Benz intends to be all-electric wherever market conditions allow. With the step from “Electric first” to “Electric only” we are accelerating the transformation and laying the foundation for the achievement of our climate-protection goals. Further information can be found in the Environmental Issues section. In line with this strategy and the associated planned sales figures for low-emission vehicles, we expect the share of the revenue generated by low carbon vehicles to rise considerably in the years ahead.

Capital expenditure

In order to additionally calculate the proportion of economic activities relating to low carbon vehicles, capital expenditure was examined to determine the extent to which it is associated with low carbon vehicles. 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. Our capital expenditure on low carbon vehicles features a start of production within the deadline specified by the EU taxonomy regulation and is embedded in the investment planning approved by the Board of Management and the Supervisory Board. 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.

The share of capital expenditure for low carbon vehicles is mainly impacted by the additions to the equipment on operating leases. As a result, this share only partially reflects our capital expenditure in sustainable products for the future. A separate additional review of capital expenditure in capitalised research and development expenditure on low carbon vehicles, and capital expenditure in other intangible assets and property, plant and equipment of the Mercedes-Benz Group in connection with low carbon vehicles, shows much higher shares of capital expenditure in low carbon vehicles (Table [↗ B.34](#)).

On the basis of our “Electric only” strategy, we intend to significantly increase these investments in the coming years.

Operating expenses

In order to additionally calculate the proportion of economic activities relating to low carbon vehicles, operating expenses were examined to determine the extent to which they are associated with low carbon vehicles. The non-capitalised 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). Table [B.34](#) shows the component of our expenditure on non-capitalised research and development expenditure for low carbon vehicles. Other components of the relevant operating expenditure were recorded exclusively at our manufacture companies on the basis of the materiality analyses. Here as well, it was not possible to achieve a direct match to low carbon vehicles. The inclusion in the numerator is based on suitable allocations of current production volumes.

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Voluntary additional figures on the proportion of economic activities at the Mercedes-Benz Group relating to low-carbon vehicles¹

	Capital expenditure (CapEx)	Operating expenses (OpEx)
Capitalised research and development expenditure	> 40%	
Non-capitalised research and development expenditure		> 25%
Investments in property, plant and equipment as well as on other intangible assets	> 35%	

¹ The key figures were audited in order to obtain limited assurance.

Tax obligation

The Mercedes-Benz Group views itself as a responsible company that endeavours to meet all global tax obligations while also wanting to fulfil our social and ethical responsibilities.

The corporate tax strategy operates according to the following principles in particular:

- By our actions, we aim to ensure that Group companies meet all of their tax obligations and integrity standards through the use of measures such as efficient, high-quality and reliable expertise, processes, systems, methods and controls.
- We live an active risk management system for the Group and its relevant employees through the application of an appropriate Tax Compliance Management System (Tax CMS).
- In line with the principle of being a “good corporate tax citizen”, we follow legal, proactive and non-aggressive tax planning activities on the basis of economic considerations (“tax follows business”). We also strive to work cooperatively, transparently and constructively with the tax authorities. In this process, we maintain our legal standpoints and defend our interests wherever we believe such actions are appropriate and legitimate.

The corporate tax strategy defines the limits of our actions here, and this strategy is further specified and implemented by means of organisational and content-related policies, guidelines and instructions.

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 throughout the Group. Our company's Code of Conduct stipulates that all intentional violations of internal and/or external 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.

The Mercedes-Benz Group has established a Tax Compliance Management System (Tax CMS) in order to ensure effective tax compliance throughout the organisation. The Tax CMS is a separate sub-unit of our general Compliance Management System.

The Tax CMS also operates an active tax-risk management system with the task of monitoring and checking whether tax obligations are being fulfilled and of supporting their fulfilment. The goal of this consistent Group-wide risk management system 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 our risk management policies.

We did not become aware of any material violations of tax laws during the reporting year.

Risk and opportunity management

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 Group. Sustainability aspects are integrated into the Group-wide risk management process at the Mercedes-Benz Group. They are understood as 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, cash flows and financial position, as well as on its reputation.

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 non-financial aspects in accordance with the CSR Directive Implementation Act (CSR-RUG), are not currently apparent.

Sustainability in the supply chain

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. That is because we procure most of our raw materials indirectly, and components and services directly, from all over the world. It is therefore clear that our responsibility does not end at the gates of our plants. Beginning in 2039, we want Mercedes-Benz AG to procure only production materials that have been manufactured in a CO₂-neutral fashion.

What we require from our suppliers

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

Our Supplier Sustainability Standards serve as the guideline for our sustainable supply chain management system. The Supplier Sustainability Standards define our requirements for working conditions, respecting and upholding internationally recognised human rights, environmental protection, safety, business ethics and

compliance, and are referenced in supplier agreements. See the Social Compliance chapter for further information.

We require that our direct suppliers recognise these sustainability standards, communicate them to their employees and to their upstream value chain suppliers, and ensure their commitment. We also expect them to check whether minimum standards are complied with.

In addition to our Supplier Sustainability Standards, our sustainability requirements are also enshrined in our contracts. For example, we now utilise special procurement terms and conditions — the Mercedes-Benz Group Special Terms — that require our suppliers to establish processes that ensure the fulfilment of human-rights due-diligence obligations in accordance with the provisions of the UN Guiding Principles on Business and Human Rights and the relevant OECD guidelines and principles. We also reserve the right to examine and audit these processes. In addition, every supplier is required to inform us of any human-rights risks and countermeasures it has identified. Suppliers must also disclose to us upon request any risk hotspots that exist along their supply chain.

Measures in the supply chain

We use a variety of measures and concepts to ensure the fulfilment of our due diligence obligations in the supply chain. These include supplier screenings, audits, risk-based due diligence analyses and qualification modules for production material suppliers. These tools are intended to increase the transparency of the supply chain and ensure that the internationally recognised human rights are upheld and other social standards and environmental requirements are met. Our procurement units play a key role here. See the Social Compliance chapter for further information.

Training suppliers and raising their awareness. Since 2018, we have 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, and we also provide such suppliers with helpful information on this issue. We selected the countries jointly with the initiative. During the reporting year,

supplier training courses that had been scheduled to take place in India and Argentina were held as web-based events due to the covid-19 pandemic.

Transparency in supply chains. Mercedes-Benz Group is also cooperating with organisations such as CDP (former Carbon disclosure project) so that it can depict the environmental impact of its supply chains even more transparently. In 2021 we conducted the CDP Supply Chain Programme for the third time. As part of this programme, we ask our suppliers to report to us on their environmental impact and climate protection efforts.

Mercedes-Benz AG’s supplier network is gradually adopting the Group’s climate-protection goals as formulated in *Ambition 2039*. By signing the “Ambition Letter”, our suppliers assure us that they will supply the Group only with CO₂-neutral products by 2039 at the latest.

Reports of violations and suspected violations

We consequentially follow up on reports of violations and suspected violations in the supply chain that are received via the BPO or other reporting channels. If we become aware of a suspected violation, we first bring together all the available information and ask the suppliers to respond to the allegations. We then assess the facts of each case and take necessary corrective measures. This may mean that we work with the supplier in question to solve the problem. However, it may also mean that we terminate the business relationship with that supplier. Further information about our Compliance Programme can be found in the Integrity and Compliance chapter.

Environmental issues

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 protection a core element of its business strategy. Our goal is to make our entire new vehicle fleet CO₂-neutral across all stages of the value chain by 2039. In order to achieve this goal, we are transforming the products and services that are at the heart of our business operations. We are promoting climate protection with equal ambition in all upstream

and downstream phases of the automotive life cycle — from the supply chain and our own manufacturing operations to the use and disposal of the vehicles.

The EU has stipulated a 15% reduction in the CO₂ emissions of new heavy-duty commercial vehicles (>16 t) by 2025 and a 30% reduction by 2030 (as compared to 2019/2020). To this end, the European Commission worked with manufacturers, scientists and other experts to develop a standardised simulation programme known as VECTO (Vehicle Energy Consumption Calculation Tool) for all of Europe. VECTO also includes related procedures for testing and measuring CO₂ emissions and fuel consumption. Data are collected from all over Europe and made transparent. Daimler Truck has defined a technology roadmap with the aim of meeting the EU's requirements.

As part of the effort to decarbonise transport, Daimler Trucks & Buses relies on two complementary technologies for supplying energy to all-electric drive systems: batteries and fuel cells.

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Targets: The Mercedes-Benz Group	Target horizon
Mercedes-Benz offers battery-electric vehicles (BEVs) in all business areas in which the brand is represented.	2022
We are increasing the proportion of plug-in hybrids and all-electric vehicles to as high as 50%.	2025
All new vehicle architectures are exclusively electric.	2025
Customers are offered the choice of at least one all-electric vehicle in every segment.	2025
The CO ₂ emissions of the Mercedes-Benz fleet of new vehicles has been reduced by more than 40% ¹	2030
Mercedes-Benz is all-electric — wherever market conditions allow.	By the end of this decade
A fleet of new cars and vans that are CO ₂ -neutral along all stages of the value chain	2039

¹ Compared to 2018, regarding the use phase (well-to-wheel); corresponding to the target of the Science Based Targets Initiative.

For the Mercedes-Benz Group, the Paris Agreement on climate change represents more than just an obligation; our commitment to these targets stems from our fundamental convictions and we believe it is our mission to contribute to CO₂-neutral mobility around the world.

In order to achieve its long-term climate-protection goal of becoming CO₂-neutral by 2039, the Mercedes-Benz Group is planning the complete electrification of its product range. By the end of this decade, Mercedes-Benz wants to be all-electric wherever market conditions allow. Mercedes-Benz is accelerating the transformation to an emission-free, software-driven future with this strategic step from “Electric first” to “Electric only”. We underscored this fact during the UN Climate Change Conference in Glasgow in November 2021, when we signed the COP26 Declaration on accelerating the transition to 100% zero-emission cars and vans. In the declaration, the Mercedes-Benz Group was the only German automaker to confirm that it is working to offer only emission-free cars and vans in leading markets as of 2035.

Responsibilities

Corporate management is responsible for setting strategic goals, including targets for reducing our CO₂ emissions, and for monitoring the progress made in achieving these goals. The Product Steering Board (PSB) is responsible for monitoring 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. The CO₂ Project and Steering Committee (CO₂ PSC) does the same for the van fleet. In its evaluations, these bodies take 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 new WLTP certification procedure. The PSB is assigned to the Committee for Model Policy and Product Planning, while the CO₂ PSC is assigned to the Van Executive Committee. They report directly to 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

We want to accelerate the pace at which we are expanding our range of electric vehicles. Our commitment to research and development work is correspondingly strong. Altogether, we want to invest more than €60 billion between 2022 and 2026 for the transformation towards an emission-free and software-driven future. The expenditure of €9.1 billion on research and development includes, among other things, R&D expenditure for alternative drive systems such as battery-electric and plug-in hybrid drive, digitalisation and automated driving.

Since 2018, Mercedes-Benz 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. For example, in August 2021, our car segment launched the EQS, the first all-electric luxury saloon on the market. The EQA offers all-electric driving for the compact class. The new EQB is a seven-seater that offers space for many types of families and meets a wide variety of transport needs. Plug-in hybrids are an important transitional technology on the road to CO₂-neutral all-electric mobility. Mercedes-Benz offers an efficient drive-system package for this purpose: at the end of 2021, customers could choose between more than 20 model variants. Mercedes-Benz also offers a wide variety of transport solutions that do not produce local emissions for the commercial vans sector. Mercedes-Benz Trucks celebrated the world premiere of the eActros in June 2021; series production began in the autumn of 2021 at the plant in Wörth am Rhein.

Development of CO₂ emissions

Europe

The Mercedes-Benz Group has defined the CO₂ emissions of its total new passenger car fleet in Europe as a significant non-financial performance indicator. For more information on how we expect the CO₂ emissions of our car fleet in Europe to develop, see the Outlook chapter.

In the reporting year, the average CO₂ emissions of our total passenger car fleet in Europe (European Union, Norway and Iceland) as measured on the basis of legal regulations decreased to an estimated 115 g/km (WLTP,

including vans that are registered as cars). This means that we achieved the CO₂ targets in Europe (European Union, Norway and Iceland) in 2021. Since 2021, in line with the regulatory requirements, this value has been based on the WLTP certification process and is thus not comparable with the prior year's value.

United States

In the United States, fleet values are regulated by two separate standards for limiting greenhouse gases and fuel consumption in vehicle fleets: the Greenhouse Gas Standard (GHG) and the Corporate Average Fuel Economy (CAFE) standard. For the 2021 model year, the GHG fleet figure is 251 g CO₂/mi for the car fleet and 296 g CO₂/mi for the fleet of vans and SUVs registered as light trucks (on the basis of the most recent forecast). We were therefore not able to achieve our average fleet targets of 194 g CO₂/mi for the car fleet and 259 g CO₂/mi for the fleet of vans and SUVs registered as light trucks. However, the remaining difference was offset through the purchase of external credits.

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 7.16 l/100 km; the figure that was actually achieved was 8.24 l/100 km (preliminary fleet consumption value — the final fleet consumption value might be better if off-cycle technologies are included). Since 2021, in line with the regulatory requirements, this value has been based on the WLTP certification process and is thus not comparable with the prior year's value. We will purchase external credits at short notice in order to close consumption gaps in the fleet's target achievement. The aim of 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 Co., Ltd. (BBAC).

More environmentally friendly production

Not only the use of resources in vehicles but also the consumption of resources in production plays an important role in the environmental compatibility of vehicles. For this reason, the Mercedes-Benz Group is working

continuously to make production more efficient and more environmentally friendly. One important lever for reaching this goal is our measures to increase our energy efficiency. By becoming more energy-efficient, we are decreasing our energy consumption and conserving resources, while reducing the CO₂ emissions of our production processes. We also want to reduce our water consumption, for example, by means of closed water cycles. Conserving resources also means reducing waste volumes. Accordingly, we are intensifying our efforts to use lower volumes of raw materials and other materials at our plants. We are also involving external partners to help us successfully implement our efficiency-enhancement measures.

In order to ensure efficient, high-quality, legally compliant and environmentally friendly manufacturing operations, we have established environmental management systems in accordance with EMAS or ISO 14001 at our production sites. Since 2012, we have also introduced energy management systems certified in accordance with the DIN EN ISO 50001 standard at our German production sites. These energy management systems are certified at regular intervals. We are currently also implementing ISO 50001 systems at a number of individual sites outside Germany. In accordance with the standard, we have embedded environmental and energy management within our organisation.

The effectiveness of the management systems is monitored by external auditors as part of the certification process (ISO 14001, EMAS, ISO 50001), as well in the environmental sector by internal environmental risk assessments (environmental due diligence process). We also have a standardised process in place for inspecting and assessing the Group's consolidated production sites every five years. The results of this process are reported to the respective plant and company management so that any necessary optimisations can be carried out. Travel restrictions and lockdown regulations due to the covid-19 pandemic prevented the site inspections from taking place as planned in 2020 and 2021. The inspections that had to be cancelled will now be carried out over the next few years so that the Mercedes-Benz Group can retain the five-year cycle. We are continuing the internal reporting process and our controlling of the improvement measures as before.

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Targets	Target horizon
Partnership with the employees	
Ensure permanently constructive cooperation between company and employee representative bodies.	Ongoing
Ensure remuneration structures in line with market rates through compliance with our global Corporate Compensation Policy.	Ongoing
Further develop our Leadership Principles and Culture in order to boost agility, increase the pace of innovation and safeguard the stability of business operations.	Ongoing
Support and enhance flexible and modern working-time arrangements in order to utilise the advantages of new forms of work. The focus this year is on hybrid work.	Ongoing
Training and professional development	
Ensure the high quality of our training programmes.	Ongoing
Empower employees to work successfully within the digital transformation.	Ongoing
Diversity and equal opportunity	
Increase the proportion of women in senior management positions ¹ (increase of one percentage point each year).	2021
Equal opportunity for all employees in our company.	Ongoing
Health and occupational safety	
Curb the spread of covid-19 and keep business operations running.	2021
Ensure employees can work in a safe and healthy environment.	Ongoing

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

Employee issues

The automotive industry is undergoing a fundamental transformation that, among other things, encompasses the areas of electrification, digitalisation, automated driving, connected urban mobility and sustainability. This is not only changing the products of the Mercedes-Benz Group, it is thoroughly changing the value-creation and working processes as well as job profiles.

We know that our employees are a key element of the Group's success. A total of 172,425 employees throughout the world (as of 31 December 2021; headcounts, workforce excluding temporary workers during holidays, interns, integrated master's degree students, trainees, senior experts and working students) contribute to the

Group's development with their skills, ideas and motivation. That is why we want to treat our employees as partners.

In order to remain competitive over the long term, the Group enables its employees to develop both professionally and personally. To this end, we are steadily enhancing our qualification offers, creating new job profiles and sharpening the requirements profiles. We are also fulfilling our duty of care for our employees, because we want to provide them with a healthy and safe working environment.

We seek to promote a diverse and inclusive corporate and management culture throughout the Group. Particularly in challenging times, respectful and trust-based cooperation between the workforce and the management is extremely important. In this way, our employees can get involved and thus contribute to the successful transformation of our company.

Partnership with the employees

We want to structure our decision-making processes in a manner that ensures transparency for our employees, and to enable them to participate in decision-making processes. In doing so, we respect our interests and get each other actively involved in the Group's affairs. Our policies and company agreements establish rules for how we take on responsibility in our employee relationships.

Entrenching work and social standards

In 2002, Mercedes-Benz Group AG (then operating under the name DaimlerChrysler 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 extended in 2021 and republished as the Principles of Social Responsibility and Human Rights.

As early as 2006, the then Daimler AG set up the Business Practices Office (BPO) whistleblower system in order to fairly and appropriately investigate violations of legal and in-house regulations that pose a high risk for the Group and its employees. The BPO is still active and has been enhanced further since its inception. These regulations also include the aforementioned Principles.

Notifications about suspicious cases are sent to the BPO, which examines them and conducts an investigation if there is a high-risk case. High-risk rule violations include, for example, offences relating to corruption, breaches of antitrust law and violations of anti-money laundering regulations, as well as violations of binding technical provisions and environmental protection laws and severe cases of discrimination and racism.

Furthermore, the Mercedes-Benz Group also recognises its social responsibilities and the ten principles on which the UN Global Compact (UNGC) is based. As a participant in the UNGC, we commit ourselves, among other things, to respecting key employee rights ranging from the provision of equal opportunities to the right to receive equal pay for equal work.

Dialogue with employee representatives

Corporate management and the employee representative body maintain an ongoing dialogue. The rights of our employees are defined, among other things, in a number of plant and company-wide agreements. These agreements address topics such as mobile working, family leave and home health care.

For example, we signed an agreement that gives the employees at Mercedes-Benz Group AG (then operating under the name Daimler AG), Mercedes-Benz AG, Daimler Truck AG, and Daimler Brand & IP Management GmbH & Co. KG a job-security guarantee for the period until 2029. The spin-off and hive-down of the Daimler commercial vehicle business does not affect the validity of the job-security guarantee until 2029. In addition to this agreement, corporate management and the employee representative body concluded a company-wide agreement in July 2020 that would make it possible to reduce labour costs in the period until the end of December 2021. This agreement was concluded in response to the various challenges associated with both the transformation of the automotive industry and the covid-19 pandemic. The company-wide agreement applies, among other things, to all employees at Mercedes-Benz Group AG, Mercedes-Benz AG, Daimler Truck AG, Daimler Brand & IP Management GmbH & Co. KG and Daimler Gastronomie GmbH in Germany.

In addition, the former Daimler AG, as well as Mercedes-Benz AG, Daimler Truck AG and Daimler Brand & IP Management GmbH & Co. KG, decided to enable all employees subject to collective bargaining agreements to participate in the success of 2020 and signed a corresponding agreement with the General Works Council. This profit-sharing bonus was paid to the workforce in April 2021 as recognition for its extraordinary performance.

Cooperation with trade unions

We acknowledge our employees' right to form employee representative bodies and conduct collective bargaining in order to regulate working conditions. We also recognise their right to strike in accordance with the applicable laws. We work together intensively with the employee representative bodies and the trade unions so that they can exercise this right. Important partners here include the local works councils, the European Works Council and the World Employee Committee (WEC). Collective bargaining agreements exist for the majority of our employees throughout the Group. Such agreements apply to all employees subject to collective bargaining agreements at Mercedes-Benz Group AG and Mercedes-Benz AG and at other units at the Group.

Remuneration systems

The Group remunerates work in accordance with the same principles at all companies of the Group around the world. Our 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 guideline are being complied with. In doing so, we also take into consideration local market conditions, because we want to offer our employees salaries and benefits that are customary in the industry and the respective markets.

The variable remuneration of management (Company Bonus) of Levels 1–3 and Level 4 executives is based not only on financial targets but also on transformation goals and non-financial targets. The transformation component of the 2021 Company Bonus included CO₂ targets, for example. Additional remuneration-related non-financial targets pertained, among other things, to integrity and diversity.

Further development of the management culture

The company believes that the interplay of strategy and corporate culture offers a key competitive advantage. We therefore work constantly to improve our management culture and the way we cooperate.

The Leadership 2020 initiative that we launched back in 2016 laid the basis for the Group's future success. Working groups with a diverse composition of employees and managers agreed with the Board of Management on what we understand by good leadership (Leadership Principles) and which structural changes and tools we need in order to transform the way we work (Game Changers). Since 2020, we have been using the initiative as a basis for Leadership 20X. In doing so, we are focusing on the empowerment and the mutual networking of employees and managers during the transformation process. In this way, we are promoting a close interplay between strategy and corporate culture. The units use the shared basis of our Leadership Principles to focus on their own specific areas and develop measures to be taken.

We intend to continue this work over the long term, even though the Leadership 20X initiative was concluded in 2021. The Leadership Principles have also been incorporated as general principles of cooperation — "People Principles" — into our processes for rules and culture and are now being used as a basis for our Human Resources Strategy. To this end, we have established eight Leadership Principles as a shared guideline for the actions of all of the Group's employees: Pioneering Spirit, Agility, Purpose, Empowerment, Customer Orientation, Co-Creation, Learning and Driven to Win. These principles serve as the basis for our cooperation and help to make the company even faster, more effective and more flexible, and boost its innovative potential.

The Mercedes-Benz Group is undergoing a transformation that applies to products as well as to the organisation and the employees. To ensure that this transformation is successful in the long run, we need a cultural change as well as a technical one and a strategic one. The leadership requirements have changed in particular. That's why our Leadership Principles are key elements in our HR processes. We take them into account in order to enable managers to perform their important roles in the company's cultural and strategic transformation. Our Leadership Principles also serve as the basis for our global network, whose members act as role models tasked with promoting the changes in their respective areas and putting them into practice. This network consists of experts and volunteers, some of whom were previously active in the Leadership 2020 initiative, and who are now helping their colleagues and managers tackle the current change processes. To do this, they are developing specific formats and initiatives for the various parts of the company in order to support the Group's realignment and jointly promote its cultural and strategic transformation.

The new hybrid world of work poses different challenges for our leadership culture. We offer our managers in-class and virtual training courses about the opportunities and framework conditions of leadership in order to ensure the type of leadership that is in tune with the times.

Results

The Group-wide employee survey is a key indicator of where we currently stand from the point of view of our employees and what we need to do to improve the Group in the future. We generally conduct the survey at least every two years. However, the covid-19 pandemic caused the 2020 employee survey to be pushed back to 2021, when it was carried out.

The covid-19 pandemic and the transformation of the economy created challenging tasks for many companies also in 2021. It has therefore become apparent how important a constructive partnership is between the workforce and the management, as well as between the Company and the employee representative body, because this is the only way that viable solutions can be found. For example, the Company and the employee representative body once again succeeded in reaching

long-term agreements during the reporting year and anchoring them in company agreements. Among other things, we agreed on a qualification offensive and on joint efforts to overcome the difficult economic situation associated with the pandemic.

As a participant in the UN Global Compact, the Group has committed itself to the compact's ten principles. As a result, we commit ourselves, among other things, to the right to equal pay for equal work. The framework for this is provided by our Corporate Compensation Policy. We did not become aware of any material violations of the Corporate Compensation Policy during the reporting year.

In 2021, the expenses for employees in the Group worldwide (including the expenses for Trucks & Buses until 9 December 2021) amounted to:

- €18.528 billion on wages and salaries
- €3.357 billion on social welfare services, and
- €1.003 billion on retirement benefits for a workforce numbering 250,768 on average (including temporary workers during holidays).

During the reporting period, an external party honoured us for our commitment to leadership measures. Specifically, the international EFMD Excellence in Practice Award 2021 was presented to us in Gold for our comprehensive manager qualification programme, Leading Transformation. This award is presented by the European Foundation for Management Development (EFMD) and recognises outstanding achievements in the domains of Leadership, Professional, Talent and Organisational Development. Moreover, the team that bears central responsibility for manager development at the Group came in second for the St. Gallen Leadership Award 2021 for its Leading Transformation initiative.

The sustained impact of the Leading Transformation initiative, which was launched in 2020, was also apparent during the reporting year. The specialist units continue to request the colleagues from the moderator and support network for their events. The content and formats are used for unit-specific events.

Training and professional development

Due to electric mobility and digitalisation, we are currently experiencing the greatest ever structural change in the history of the automotive industry. This is associated with the far-reaching transformation of the Group. Job descriptions, tasks and requirements profiles are also changing as a result, which is transforming the qualifications required for many positions, affecting employees as well as managers. The knowledge and skills of our employees are the foundation of our Company's worldwide success. That is why we want to invest extensively in their training and professional development and optimise our HR development programmes. We are also further developing the range of professions in which we offer training in Germany, and are enhancing the spectrum of dual work-study programmes at German universities.

How will our workforce develop over the next ten years — and which key qualifications and skills will we need in the future in order to successfully complete the transformation? These are important questions that we are addressing with the help of the Strategic Resource Management system at Mercedes-Benz AG.

For example, Mercedes-Benz Group AG, Mercedes-Benz AG and Daimler Brand & IP Management GmbH & Co. KG in Germany control training and qualification processes through an overarching set of rules and regulations. From the Board of Management to our training and qualification units and the trainers at the plant level, we pursue the goal of safeguarding our competitiveness throughout the Group.

The digital transformation and professional requirements

The digital transformation at the Group is changing many requirements profiles and making it necessary for staff in many positions to gain new expertise. Here, we are relying on a wide range of needs-based qualification measures for our employees, as well as the targeted recruitment of young talent with digital expertise.

During the covid-19 pandemic, we have comprehensively digitalised our multidisciplinary qualification programmes in Germany, as well as the specialised measures offered around the world by administrative departments such as Human Resources, IT, Finance and Controlling, Procurement. We have defined new ways of working, digitalisation, transformation and innovation as the strategic focal points for the multidisciplinary programmes in Germany.

We are also developing a management culture and organisation that are geared towards the digital transformation, and we are supporting the digital transformation by offering suitable qualification measures for the entire workforce.

Trainees and students

Our Training System has standardised training content for all sites and units in Germany. A responsible body regularly checks to see that the content is user friendly and up to date and that duplication does not occur. Our goal here is to ensure the high quality and efficiency of our training programmes.

The Group also offers dual work-study programmes for internationally recognised bachelor courses of study at various Group sites throughout Germany. The lectures are supplemented by practical assignments in Germany and abroad. Because of covid-19, there were no assignments outside Germany in 2021.

Our training programmes are fundamentally needs-based and we continuously review our portfolio of training professions and courses of study in Germany.

Results

The company seeks to ensure that its training programmes are up to date and thus of high quality. This is why we have redefined our portfolio of training professions for the Dual University in Germany for the period until 2025 and correspondingly adjusted the courses of study as well as the number of people recruited. For example, we have analysed our training programmes for IT professions and expanded them to include digital professions for IT in the commercial area, and we have also introduced a course of study that focuses on the interface between IT and electrical engineering (embedded systems). This also involves the design and launch of new internal qualification components for our trainees that address topics such as cybersecurity, programming and data-based action. These components also include extensive qualification programmes for the trainers themselves.

During the reporting year, our professional development activities focused once again on IT skills and professions as well as high-voltage and battery technology. We also further expanded our range of digital learning formats. One example of such a digital learning format is the Digital Readiness Programme, which focuses on the transformation and methodological, technical and cultural aspects of digitalisation.

In 2020, we launched a programme known as “Leading Transformation” for managers around the globe. The programme’s participants examined various challenges the transformation presents to the Group and their own areas of responsibility over a period of four months. During the reporting year, we launched an additional programme component that supports managers with issues relating to the transformation and innovation in their units and teams.

Diversity and equal opportunity

Our workforce is as diverse as our customers, and we are convinced that diversity makes us more successful as a company, because diversity helps to find new viewpoints and acts as a driving force behind creative ideas and innovations. By means of appropriate measures and activities, we promote a working environment in which all of our employees can develop and make full use of their talent — regardless of their age, gender, sexual orientation or any other characteristic that relates to

diversity. The Mercedes-Benz Group stands for open-minded cooperation in which there is no place for discrimination. This is embedded, for example, in our Integrity Code and the Principles of Social Responsibility and Human Rights. Diversity and inclusion management is grounded in the principle of equal opportunity for all employees.

Our goal is to attract the most highly qualified specialists and managers to our company and support their professional development, regardless of their age, ethnicity, gender, sexual orientation and identity, and any physical limitations they may have.

As early as 2006, the Group set itself the goal of continuously increasing the proportion of women in executive positions.

Active diversity management 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.

Our Integrity and Diversity & Inclusion units design the framework and processes for such a culture. Diversity & Inclusion Management is a corporate function that is part of the Group’s Human Resources organisation. It defines strategic areas of action in cooperation with various departments and initiates Group-wide projects, training programmes and measures to increase awareness of the importance of diversity.

Diversity Day

Each year, the Group devotes a day specifically to the topic of diversity: the in-house Diversity Day. Consciously experiencing diversity, taking in new perspectives and understanding how all employees can profit from diversity and inclusion management — these are central objectives of Diversity Day.

Diversity Day took place for the ninth time in the reporting year under the motto “Lots achieved, lots to do! Why diversity needs an inclusive culture.” The various events, which were held online, included discussions with the Board of Management; employees could submit questions in advance of the events.

Awareness-raising and qualification measures for employees

The Mercedes-Benz Group utilises various measures to make employees around the world more aware of issues relating to diversity and inclusion. Since May 2021, for example, we have 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. Through the use of case studies, the participants learn about effective methods for eliminating their own prejudices and various approaches to conflict resolution. This training programme is available to all employees worldwide and is offered in 11 languages.

Results

As early as 2006, the Group set itself the target of continuously and sustainably increasing the proportion of women in executive positions at the Group to 20% by the end of 2020. This goal was achieved, and our plan for 2021 and beyond is to further increase the proportion of women in executive positions at the Group by one percentage point each year. We achieved this goal during the reporting year. As of 31 December 2021, women occupied 22.5% of the senior management positions (Level 3 and higher) at the Mercedes-Benz Group worldwide (headcounts, consolidated companies). These data are only for the Mercedes-Benz Group. Due to the spin-off and hive-down of the Daimler commercial vehicle business in December 2021 these data are not comparable with the data from the previous years. We use relevant data from our human resources reporting systems to review the progress we make in increasing the proportion of women in top management positions. The results are reported to the Board of Management in a standardised form on a regular basis.

The diversity concepts employed for the Board of Management and the Supervisory Board are presented in the Corporate Governance Report.

Occupational health and safety

The company wants to ensure its employees can work in a safe and healthy environment. Our overarching goal is therefore to prevent health risks and maintain the health of all of our employees over the long term. For

example, we design our workplaces in line with ergonomic criteria and offer health maintenance programmes and occupational safety training.

The covid-19 pandemic is not the only reason why it is so important to have a sustainable occupational health and safety management system in place, as the demographic transformation and advances in technology are also leading to new challenges. To this end, we utilise a holistic occupational health and safety management system. The focus here is mainly on preventive measures that we continuously review and develop further.

Requirements, policies, guidelines, organisation and responsibilities

The Mercedes-Benz Group's occupational safety strategy includes standards for the design of workplaces and work processes. Moreover, we are systematically striving to reduce occupational and health-related risks. The Group operates on the basis of globally uniform guidelines for risk prevention. The Group's occupational health and safety policy and occupational health and safety guidelines serve as overarching, internationally valid Group regulations. They are based on international standards and national laws and emphasise the managers' obligation to act responsibly. Moreover, they underscore the employees' own responsibility.

In 2019, the Group also committed itself to "Vision Zero". This global campaign aims to prevent job-related accidents and illnesses while also promoting employees' health, safety and well-being.

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 Group Physician. 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 management representatives at the various levels of the Group. All decisions resulting from such discussions are made jointly.

Company health management and mental health

The Group offers employees in Germany occupational health advice and screening as well as measures and services of our own health programme and social counselling service. We want to promote both the mental and physical health of our employees with our 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. During the reporting year, a Group-wide mental health agreement was reached for Germany with the goal of maintaining and promoting the employees' mental health. Internationally, our focus is on medical care as well as on the coordination of pandemic-related measures and prevention strategies, and ergonomics.

Dealing with covid-19

In order to curb the spread of covid-19, employees at our sites were provided with information on the specific measures and rules that were put into effect in order to protect them against infection. We also implemented official recommendations, such as those issued by the Robert Koch Institute (RKI) in Germany, for example. This applies to both the reporting period and thereafter. The introduction of approved vaccines enabled us to provide eligible employees at German sites with vaccinations in line with the German government's vaccination campaign. Company doctors and medical professionals performed the vaccinations at the sites in Germany. Beginning in mid-November, the Group again offered first and second doses. Booster shots were also provided, beginning in December.

In 2020, the Group introduced a global accident and emergency documentation system which includes an integrated digital reporting process for emergencies 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. In 2021, this depiction of infection chains helped to reduce the spread of covid-19 at the Group. Moreover, the system was enhanced further during the reporting year. Among other things, the data can now be evaluated and analysed even better while also complying with data protection laws. The improved functionality helps us to respond more quickly and in a more

targeted manner to unforeseen events such as another pandemic in the future, and thus to be less vulnerable to crises.

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 so that it can assess the potential risks of workplaces and work processes at an early stage. Our Group's production plants have a safety risk management system that is aligned with our Policy on Occupational Health and Safety. Instruments and risk assessment processes that are implemented at the local level have also been defined.

In order to review whether the corporate policies regarding occupational health and safety have been duly implemented, each site that generally employs more than 500 people or has a corresponding risk level is visited approximately every five years. A standardised process is used here to conduct the associated evaluations.

Digital risk assessment

Risk assessments are an important tool with which the Group can evaluate potential risks. We have digitalised 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 Group's purposes. It shows the user-specific risks that can arise in a particular area. 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.

Raising awareness of occupational safety issues

The Mercedes-Benz Group is increasingly using media such as videos, various information portals and online training courses in order to make its employees more aware of ergonomics and occupational safety issues. New employees are provided with initial instructions regarding the safety-relevant aspects of their workplaces. After that, they are required to participate in safety-awareness briefings that are held on a regular basis.

Results

An extensive package of measures, which include safety and hygiene rules, testing strategies and offers of vaccination, have been implemented in an attempt to protect our employees as well as possible. In addition, we have helped to curb the spread of the pandemic.

Some sites were unable to extend the voluntary ISO 45001 certificate due to the pandemic, among other reasons. For the protection of our workforce, the presence of external persons at the production areas was limited to the minimum necessary for their operation. Irrespective of any external certification audits, about every five years, the safety standards at the Group-owned production facilities are reviewed to check whether they comply with those of our binding corporate policy concerning occupational health and safety and whether a functioning occupational health and safety management system is in place. No routine Mercedes-Benz site audits were planned as part of our Safety Risk Management during the reporting year. As a result, there were no pandemic-related omissions that have to be made up for at a later date. The Mercedes-Benz Group utilises several accident documentation systems worldwide. These systems generate standardised statistics while taking applicable data protection regulations into account. This information is used as the basis for monthly reports of the Group's accident statistics.

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Target	Target horizon
Make lobbying activities verifiable and transparent on the basis of defined evaluation criteria	2022
Milestone: develop an evaluation concept to determine the current position	2021
Milestone: continue stakeholder interviews and derive necessary measures for future lobbying	2022

Social issues

Human beings can only overcome the major social and environmental challenges we face, such as climate change and increasing urbanisation, by working together. The Group is making its contribution here. It is contributing its expertise to the social dialogue and is working on solutions together with representatives of governments, business and society.

The Group wishes to take part in political and public opinion-shaping processes as a trustworthy and dependable discussion partner. The overarching goal of our approach is the long-term harmonisation of the Group's interests with the interests of society at large.

Responsible representation of our interests

The Group has defined its own principles for political dialogue and the responsible communication of our interests. These are political restraint, balance and neutrality in our dealings with political parties, members of parliament and government officials.

Various instruments are used to ensure that the political representation of our interests is carried out in accordance with applicable regulations and ethical standards. In our work as a member of industry associations and in our cooperation with other companies, we pay particular attention to antitrust regulations. Internally binding requirements have also been laid down in various documents, including the Group's Integrity Code.

In addition, our Lobbying, Political Contributions and Party Donations policy governs grants, donations to political parties, and the use of other instruments for representing our interests in the political realm. The employees can find these policies in the policy database on the intranet. The Mercedes-Benz Group is also listed (currently as Daimler AG) in the Transparency Register of the European Union and commits to the register's Code of Conduct. Furthermore, the decision of the German Bundestag to establish a lobbying register at the national level starting in 2022 was also welcomed.

The policies mentioned above also define how to address risks in connection with the political representation of our interests. These risks are also addressed through Group-wide established compliance processes. Complaints and information relating to our Group's lobbying activities can be addressed to the Business Practices Office (BPO) whistleblower system.

In order to comply with the legal requirements and in-house policies, mandatory training courses are regularly conducted for employees of Mercedes-Benz Group companies. The Integrity and Legal Affairs unit contacts the corresponding target groups that are required to complete the training courses. These training courses can usually be completed online as self-study courses. Employees who are politically active in their role — as a plant director, for example — receive additional training for their tasks.

Central coordination office

The External Affairs and Public Policy (EA) unit is our 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 Group's relations via a global network with offices in Berlin, Brussels, Beijing and Washington, as well as corporate representations in our markets.

Thematic focal points

The Mercedes-Benz Group's specific aim in the discussions with political decision-makers is to find sustainable solutions for social challenges and thus achieve greater planning security for the company. During the reporting year, the discussions focused on the following topics:

- Achieving climate targets and improving air quality
- Making cities more liveable places
- Improving traffic safety
- Establishing standards for human-rights due diligence
- Sustainable financing
- Site-specific issues
- Free and fair trade
- Contributing to the drafting of labour legislation

For the Mercedes-Benz Group, the Paris Agreement on climate change represents more than an obligation; our commitment to its targets stems from our fundamental

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Examples of instruments of stakeholder dialogue

Information	Dialogue	Participation
<ul style="list-style-type: none"> - Sustainability Report as well as regional reports (such as the China Sustainability Report) - Environmental declarations by the plants - Press and public-relations work - Corporate website - Blogs and social media - Employee portal and internal communication - Plant tours, receptions, Mercedes-Benz Museum 	<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 	<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

convictions. Our political lobbying activities and partnerships are in line with this conviction and the climate-protection goals agreed upon in the Paris Agreement.

Party donations and political contributions

The Group 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.

Evaluation concept

During the reporting year, an evaluation concept for verifying the lobbying activities and making them transparent was developed, working in conjunction with external consultants. The concept is based on a scientific foundation. We decided to use anonymised interviews in our methodology. The target group comprises both internal and external stakeholders, including representatives of NGOs, think tanks and associations, as well as of government and administrative bodies. We interviewed the first set of stakeholders in 2021.

Stakeholder dialogue

The Mercedes-Benz Group attaches great importance to continuing the dialogue with its interest groups. This enables the Group to consider various perspectives on its involvement with sustainability issues, to identify and address new trends, and to share experiences. We also want to engage in discussions of controversial topics at an early stage. We focus on conducting a dialogue that is fruitful and productive for all parties involved.

Knowledge of the stakeholders is a prerequisite for this. Stakeholders are individuals and organisations that have legal, financial, ethical or ecological claims on or expectations of the Group. Whether an individual, organisation or group is a stakeholder of the Group depends on the extent to which the Group's decisions influence it or, conversely, the extent to which it can influence the Group's decisions. Thus the primary stakeholders are customers, employees, investors and suppliers. Regular communication also takes place with groups in civil society such as non-governmental organisations, as well as associations, trade unions, the media, analysts, municipalities, residents in the communities where the Group operates and representatives of the scientific community and government.

The company also holds discussions with its stakeholders at the level of our locations. In connection with specific occasions and projects, the Group addresses questions, concerns, criticism and suggestions made by stakeholders and enters into an open-ended dialogue with them. For example, during the reporting period, we presented our considerations regarding land use measures for the Untertürkheim plant to the Stuttgart City Council and brought about measures for further development. In addition, the top-level meeting of the state government of Baden-Württemberg's strategic dialogue for the automotive industry took place in October 2021. The objective of the meeting was to facilitate an exchange between all of the institutions and companies participating in the strategic dialogue and to discuss current challenges relevant to the transformation of the automobile industry.

Dialogue formats

The Group utilises various dialogue formats to engage in a dialogue with relevant stakeholders. For example, the Sustainability Dialogues are organised annually and stakeholder surveys, specialist conferences and thematic dialogue sessions are conducted. On the other hand, the latest discussions in the public sphere are followed. The Group participates in sector-specific and overarching networks and initiatives in order to determine what the associated expectations are. Studies and other scientific publications are also evaluated and media analyses are conducted. These measures help the Group to identify developments and the associated expectations in areas beyond the dialogue events that have been initiated.

Sustainability Dialogue. One essential tool of the dialogue with the stakeholders is the Sustainability Dialogue, which has been held annually in Stuttgart since 2008 and brings various stakeholder groups together with members of the Group's Board of Management and executive management. The participants attend a range of workshops, where they discuss selected issues related to sustainability and work together to further develop their approaches. The personnel responsible for specific topics take up the momentum generated by the participants and work together with the stakeholders to incorporate these ideas into their work. They then report at the event in the following year on the progress made in the interim.

In 2021, as in the previous year, the two-day Sustainability Dialogue was held via a digital meeting platform due to the pandemic. Five representatives of the Board of Management of Mercedes-Benz Group AG presented a report on the situation. The public section of the meeting on the first day was broadcast over the Internet for the first time. More than 700 interested viewers followed the panel discussions live and were able to join the discussion and pose questions via a platform. More than 200 external and internal participants in a total of seven working groups engaged in discussions of various topics. One of those topics was what the resolutions of the United Nations Climate Change Conference COP26 in Glasgow mean for the Group. The joint efforts necessary to achieve a more sustainable supply chain was a further topic.

As a globally operating company, the Group has set itself the goal of establishing sustainability at its business units and specialist units all over the world. For this reason, Sustainability Dialogue events are organised in other countries and regions as well. Such international dialogue events have been held in China, Japan, the United States and Argentina. During the reporting year, more than 160 stakeholders participated in the Sustainability Dialogue in Beijing (China), which was organised as a hybrid event. The participants primarily talked about road safety in connection with new technologies.

The Advisory Board as an important source of support. The Advisory Board for Integrity and Sustainability has been providing important support for the Group'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. They also possess specialised knowledge regarding environmental and social policy, the development of transport, traffic and mobility, and various human rights and ethical issues. The members of the Advisory Board accompany us with constructive criticism on questions related to integrity and corporate responsibility. The Advisory Board convenes three 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 annual meetings focuses in particular on discussions with other Board of Management members and members of the Supervisory Board. A regular exchange

of information and opinions between the Advisory Board, members of the Board of Management and company managers and employees takes place in other meetings devoted to specific topics. In 2021, the body dealt with a range of issues, among them social compliance, sustainable finance and the transformation of the automotive industry, including its social aspects — for example, the balance between climate protection and the preservation of jobs.

Associations and initiatives

In addition to direct dialogue with political decision-makers and other interest groups that promote sustainable development, the Group is active in various associations, committees and sustainability initiatives. Some of the most important initiatives here are the UN Global Compact, econsense — Forum Nachhaltige Entwicklung e.V. — German Business Forum for Sustainable Development, and the World Business Council for Sustainable Development. Within these initiatives, discussions are also held with representatives of civil society.

Traffic safety

Accident-free driving — this vision drives Mercedes and is a fixed component of its sustainable business strategy. Innovative driver assistance systems already offer drivers and passengers a high level of safety and comfort today. These systems can help drivers avoid or safely manage critical situations on the road in order to protect vehicle occupants and other road users. System warnings and active brake applications are now increasingly preventing accidents or at least mitigating their effects.

B.39

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

Holistic safety concept

The Mercedes-Benz Group utilises its holistic Integral Safety concept in its vehicle development activities. This concept was first used in the late 1990s to describe how we had divided the utilisation of safety systems into four phases: “Assistance during driving”, “Preparation for a possible accident”, “Protection during an accident” and “Help after an accident”. Our 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). One example is innovative restraint systems such as the beltbag and the rear airbag in the S-Class, which protect passengers in the rear seat.

Integrated approach

Fewer accidents, greater traffic safety: this is one of the objectives associated with the utilisation of automated and autonomous vehicle systems. Despite all the benefits, care needs to be taken, as ethical and legal — including data-protection — risks must also be taken into account as automated driving systems are developed further. The Mercedes-Benz Group does this as early as the product development stage. We are implementing data-protection principles and standards along the entire value chain in accordance with “privacy by design”. We are also integrating social and ethical considerations into conditionally automated and highly automated driving systems through the use of our “ethics by design” concept.

The Mercedes-Benz Group uses an integrated approach to answer the technical, ethical and legal questions relating to automated driving. These questions are addressed by an interdisciplinary team of experts from research and development, product safety and quality

management, as well as specialists from the Integrity and Legal Affairs Board of Management division. We also promote a broad-based public and political dialogue on the topic of automated driving.

Working together to further improve vehicle safety

The goal of increasing safety on the road can only be achieved through collaboration, which is why we establish partnerships and participate in research projects. Mercedes-Benz AG has been involved in the “Tech Center i-protect” strategic cooperation project since 2016. The project includes partners from business and industry, government and scientific institutes. Our activities within the project include research into new restraint systems for future vehicle interiors, for example. We are also utilising digital accident research methods and trying out new approaches, such as the use of X-ray technology in crash tests.

Driver assistance systems ensure greater safety

Assistance and safety systems make driving both safe and comfortable. 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, is a good example of this at Mercedes-Benz Cars: Active Brake Assist can help reduce the severity of — or even entirely prevent — accidents involving vehicles ahead or pedestrians crossing the carriageway.

Conditionally automated and highly automated driving

With DRIVE PILOT (SAE Level 3) and INTELLIGENT PARK PILOT (SAE Level 4), Mercedes-Benz is aiming to take the decisive step toward conditionally automated and highly automated driving. The availability and use of future DRIVE PILOT functions on motorways will depend on the options, the countries in question and the existence of corresponding laws. With DRIVE PILOT, we have developed a technology that offers a currently unique and unprecedented driving experience. It also gives drivers the best gift they could ask for: time. Because in certain situations, the system allows Mercedes-Benz customers to turn the task of driving over to the vehicle systems and focus on other matters. At SAE Level 3, the automated driving system takes over certain driving

tasks. However, a human driver is still needed. The driver must be able to take control of the vehicle whenever requested to do so by the vehicle.

Top marks and awards

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 rating assesses crash safety and accident-prevention and lighting systems. The Mercedes-Benz C-Class, E-Class and GLE-Class received the IIHS “2021 TOP SAFETY PICK+” award for the 2021 model year, while the GLC was given the “2021 TOP SAFETY PICK” distinction. In addition, both the EQA (2019 version in the category Compact SUV) and the EQS (2021 version) were awarded five stars out of a possible five by EuroNCAP during the reporting period. The EQS was actually named “Best in Class” twice: in the Executive and Pure Electric categories, which means all EQ models launched on the market in 2021 received the highest possible ratings.

Our expenditure of €9.1 billion on research and development in 2021 includes, among other things, research and development (R&D) expenditure for our safety measures and concepts.

Integrity and compliance

B.40

Target	Target horizon
Our integrity-related activities are designed to help us achieve the following key targets:	
- Knowledge of and compliance with the Integrity Code	Ongoing
- All employees and managers behave and act in an ethical and responsible manner	
- Discussions and dialogue concerning current key integrity topics and the risks associated with unethical behaviour	
- Feedback from integrity analyses is incorporated into measures designed to strengthen the culture of integrity	
Our compliance-related activities are designed to help us achieve the following key targets:	
- Respect for and protection of human rights	Ongoing
- Compliance with corruption prevention regulations	
- Maintenance and promotion of fair competition	
- Compliance of our products with technical and regulatory requirements	
- Adherence to data protection laws	
- Compliance with sanctions	
- Prevention of money laundering	
- Prevention of the financing of terrorism	

Companies only stay successful if their actions are ethical and legally responsible. This is especially the case during times of turmoil and transformation. That is why integrity and compliance are top priorities at 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 our corporate culture and an enabler that forms an integral part of our sustainable business strategy. For us, this involves more than just obeying laws and regulations. We also align all

our actions with shared principles, which particularly include fairness, responsibility, respect, openness and transparency.

Integrity in our 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 of our corporate units in their efforts to embed these topics in our daily business activities.

Our Integrity Management unit works to promote and enhance integrity within our company 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 our company's long-term success. The Head of Integrity Management reports directly to the member of the Board of Management responsible for Integrity and Legal Affairs.

Corporate principles and our Integrity Code

Our Integrity Code is binding on all employees of the Mercedes-Benz Group and the controlled companies of the Group. It serves as our shared standard of values, defines the guidelines for all conduct and helps us make the right decisions. Employees from a variety of corporate units all over the world have helped to formulate the Integrity Code. It is available in 12 languages and includes, among other things, regulations concerning corruption prevention measures, data management, product safety and compliance with technical regulations. Our employees can view our Integrity Code, along with details on how it should be applied and other key information such as FAQs, points of contact and contact persons, in the uniform rules and policies database as well as on the intranet.

We have also formulated a special set of requirements for our managers in our Integrity Code. We expect them in particular to serve as role models through their ethical behaviour and thus offer guidance for our employees.

For example, during the reporting year, we continued to regularly inform them about our Integrity Code and its significance for our daily business activities. We also regularly addressed the topics of integrity, compliance and legal affairs in our internal media.

Information, dialogue and training

Infopoint Integrity was established in 2015 in order to promote a corporate culture of integrity. It is the central point of contact for people and employees of Group companies when they have questions concerning acting with integrity. The Infopoint 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.

A worldwide network of local contact persons for inquiries regarding integrity, compliance and legal issues is also available to the employees. It evaluates inquiries made by our employees and, if necessary, initiates the appropriate measures.

We expanded cooperation and activities in the Integrity Network during the reporting year. The Integrity Network consists of employees from the individual companies, divisions and functional divisions of the Group and serves as a joint platform for sharing knowledge and information with the aim of developing and implementing concrete measures. Among other things, local teams of "multipliers" have been established, and that has expanded the reach of the integrity-related measures. In order to strengthen and standardise cooperation, we have launched an Integrity Newsletter, and we also organise international multiplier dialogue events on a regular basis. The Integrity Network has also designed and utilised many other programmes ranging from dialogue sessions as well as content and inspiration for management communication to training programmes, in order to ensure that integrity remains embedded in our company's daily business over the long term.

Our employees can also access the Integrity Toolkit via our employee portal. The Toolkit contains formats for dialogue events, tools for self-reflection, case studies and further information about the topic of integrity. A new workshop method was added to the Toolkit during the year under review. Here, employees and managers were able to expand their knowledge about the Integrity Code in a workshop with the motto "Our Integrity Code — using our corporate principles to ensure we do the right thing". Concise formats have also been added, including an Integrity Calendar, for example. All of these measures are designed to help increase the focus on

integrity in daily business operations. An additional area of focus in 2021 involved the challenges presented by hybrid forms of working in terms of ethical behaviour. In order to be able to offer forms of assistance here, all of the Integrity Toolkit's formats were modified in line with requirements relating to mobile and hybrid forms of working.

We particularly focus on direct discussions, and during the reporting year we 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. During the year under review, we also developed the Integrity Case Collection. The employees can use this collection of case studies to learn about and practise responsible behaviour in unclear situations and share ideas about "proper behaviour" in a productive dialogue.

The employees in administrative areas at Mercedes-Benz Group AG and controlled 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 integrity, compliance and legal matters. 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 Group's success largely depends on a permanent commitment to integrity. That's why we are consistently working on our understanding of integrity, refining it further and continually reviewing our own actions. Surveys such as our employee survey, which we conducted once again throughout the Group in the year under review, play a key role here. In the past, we used a separate survey to analyse the way our employees view our culture of integrity, but in 2021, we integrated this analysis into our employee survey. The survey results have a direct influence on the remuneration of the management.

The results of the 2021 Employee Survey show that our culture of integrity is more firmly embedded throughout the company than was the case after the last survey, which was conducted in 2018.

The employee survey also revealed that a more open "speak-up" culture is now maintained throughout the Group. In other words, our employees are able to talk about sensitive issues in a more open manner. Equally important for us is the feedback indicating that compared to the survey results from the year 2018, our employees work in an environment based to a greater extent on trust, because only in such an environment can topics be discussed constructively.

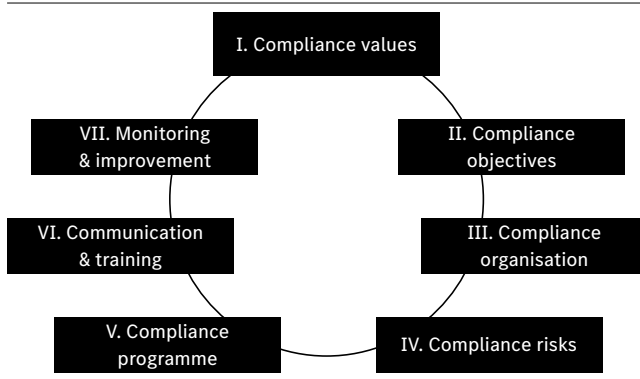
In order to implement the measures that were derived from the results reports, we restructured the Integrity Toolkit in the reporting year and adjusted its contents. We also provided training to multipliers from various divisions in order to support managers with follow-up activities relating to integrity and compliance. In addition, the Integrity Network has addressed the findings of the employee survey in order to initiate further measures for the individual divisions and functions.

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 our corporate culture. We are strongly committed to responsible conduct. We expect our employees to comply with laws, regulations and voluntary self-commitments, and to put our corporate values into practice. We have laid down these expectations in a binding form in our Integrity Code.

B.41

Our Compliance Management System



Through our Compliance Management System (CMS), we aim to promote compliance with laws and policies at our company and to prevent misconduct. The measures needed for this are defined by our compliance and legal organisations in a process that also takes the Company's business requirements into account in an appropriate manner.

Focal points of the compliance management system

Combating corruption

We have committed ourselves to fighting corruption — because corruption is harmful to fair competition, society and our Group. Our 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). Our Corruption Prevention Compliance Programme is based on our Group-wide CMS. In order to ensure an independent external assessment of our Corruption Prevention Compliance Programme, KPMG AG Wirtschaftsprüfungsgesellschaft audited 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

Our Group-wide Antitrust Compliance Programme is oriented to national and international standards for ensuring fair competition. The programme establishes a binding, globally valid Group standard that defines how matters of antitrust law are to be assessed.

By means of an advisory hotline, guidelines and practical support, we help our employees around the world to recognise situations that might be critical from an antitrust perspective and to act in compliance with all regulations. Responsibility for designing and implementing measures against antitrust risks lies primarily with the respective Group company's management. The Mercedes-Benz Group monitors the management activities of the respective Group company within the framework of Group management. To supplement this, our Compliance, Legal Product & Technology, and Corporate Audit units conduct monitoring activities at our divisions. In order to ensure an independent external assessment of our Antitrust Compliance Programme, KPMG AG Wirtschaftsprüfungsgesellschaft audited the Compliance Management System for antitrust law in accordance with the Standard 980 of the Institute of Public Auditors in Germany. This audit based on the principles of appropriateness, implementation and effectiveness was successfully completed for the second time at the end of 2021, after having been conducted in 2016 as well.

Compliance with technical and regulatory requirements

For Mercedes-Benz Cars & Vans, technical compliance means adhering to technical and regulatory requirements, standards and laws. In doing so, we take into account the fundamental spirit of these laws and regulations as well as internal development requirements and processes. Our objective 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, we have established a technical Compliance Management System (tCMS) in our automotive divisions. Its objective is to safeguard compliance 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 our employees with guidance and orientation, especially with regard to challenging questions on how to interpret technical regulations.

To complement the Integrity Code, technical integrity management has worked together with the relevant development units to formulate the “Speak up” and “Judgement calls” commitment statements. The commitment statements provide all employees in development and certification units with a basis for a common understanding of responsible behaviour in the product-creation process.

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

Responsible use of data

Connectivity and digitalisation will have a major impact on mobility in the future. The responsible handling and protection of data is a top priority at the Mercedes-Benz Group.

The regulatory requirements relating to data protection have become significantly more stringent in recent years. The strict requirements of the General Data Protection Regulation (GDPR) are valid not only in the European Union but also beyond it. Meanwhile, many countries all over the world that are relevant to the Group’s business operations have tightened up their local data protection laws. We are addressing the increased regulatory requirements by means of our Group-wide Data Compliance Management System (Data CMS), which, along with our data vision and our data culture, is a fundamental component of our overarching Data Governance System.

The Data CMS, which combines all Group-wide measures, processes and systems for ensuring data compliance, is based on the existing CMS. The Data CMS supports the systematic planning, implementation and monitoring of compliance with data protection requirements.

Preventing and combating money laundering

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 us, as well as for our shareholders and stakeholders. For this reason, the prevention of money laundering and the implementation of anti-money laundering measures have been defined as central compliance goals in our Integrity Code.

In order to effectively combat and prevent money laundering while at the same time complying with different regulatory requirements, the Mercedes-Benz Group has established a two-pillar model (trade in goods and mobility services). We use an integrated compliance approach to check applicable sanction lists and take 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, organised crime and other types of corporate crime are to be combated.

Compliance organisation

The Group’s compliance organisation is structured divisionally, 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, division and region. In addition, a global network of local contact persons makes sure that our compliance standards are met. The contact persons help the management at the Group companies implement our compliance programme at their respective sites.

Moreover, our Compliance Board provides guidance regarding overarching compliance topics and monitors activities to see whether our 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 four times a year and as needed, and is chaired by the Chief Compliance Officer & Vice President Legal Product & Technology.

The Chief Compliance Officer & Vice President Legal Product & Technology and the Vice President & Group General Counsel report directly to the member of the Board of Management for Integrity and Legal Affairs and to the Audit Committee of the Supervisory Board. They also report regularly to the Board of Management 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 Vice President & Group General Counsel reports to the Antitrust Steering Committee and the Group Risk Management Committee at regular intervals and as needed. The Chief Compliance Officer & Vice President Legal Product & Technical Compliance also reports to the Group Risk Management Committee. The structure of the reporting lines safeguards the compliance officers' independence from the business divisions from the Group's perspective.

Compliance risks

The Company examines and evaluates our Group companies and corporate departments systematically each year in order to minimise compliance risks. In this process, we use, for example, centrally available information about the Group 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 our compliance risk control.

Compliance programme

The compliance programme comprises principles and measures that are designed to minimise compliance risks and prevent violations of laws and regulations. The individual measures are based on the knowledge gained through our systematic compliance risk analysis. We focus, 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 our business partners. We address all of these points in greater detail in a later section.

The BPO whistleblower system

The Business Practices Office (BPO) whistleblower system enables all Group employees, as well as business partners and external whistleblowers, to report misconduct anywhere in the world. 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 us to learn about potential risks to the Group and its employees and thus to prevent damage to the Group and its reputation. 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 evaluating incidents of misconduct and making decisions about their consequences.

If the initial risk-based assessment of an incident categorises it as a low-risk rule violation, 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 for the Group 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 categorises an incident as a high-risk rule 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, can also be considered high-risk rule violations.

In an effort to constantly increase trust in our whistleblower system and make it even better known to our employees, we use a variety of communication measures. For example, we provide informational materials such as country-specific information cards, pocket guides and an instructional video that is available in ten different languages. We also hold dialogue events at which we provide employees with information about the BPO. In addition, we regularly inform employees about the type and number of reported violations and make case studies available on a quarterly basis.

Sales partners and suppliers

We expect not only our employees to comply with laws and regulations. We also require our sales partners and suppliers to adhere to clear compliance requirements, because we regard integrity and conformity with regulations as a precondition for trust-based cooperation. Our Business Partner Standards, which we revised in the reporting year, describe in detail exactly what we expect of our business partners.

In the selection of our direct sales partners and in our existing sales partnerships, we ensure that our business partners comply with laws and observe ethical principles. In order to monitor this, we use a globally standardised, risk-based Sales Business Partner Due Diligence Process. During the reporting year, we subjected all of the new sales partners to a due diligence audit. In addition, we audit the existing sales partners as part of the monitoring process. Our monitoring in this area is designed to ensure that we can identify possible integrity violations by our sales partners. We also reserve the right to terminate cooperation with, or terminate the selection process for, any sales partner that fails to comply with our standards. In addition, we work with our procurement units to continuously improve our processes for selecting and cooperating with suppliers.

Our Supplier Sustainability Standards also apply to our suppliers. On the basis of these standards and our Integrity Code, we make available to each of our suppliers and sales partners a specific Compliance Awareness Module developed with their activities in mind. These

modules are intended to sensitise them to current integrity and compliance requirements such as those related to anti-corruption measures and technical compliance. Through these measures, we also offer our suppliers and sales partners assistance for dealing with possible compliance risks.

Communication and training

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

The contents and topics of the training courses are tailored to the roles and functions of the respective target group. We regularly analyse the need for our training programme, expand or adapt it as necessary and conduct evaluations.

Audits

Each year, the Company checks the processes and measures of the CMS and conducts analyses to find out whether the measures are appropriate and effective. This is accomplished using information about the Group companies as well as other locally collected data. We also monitor our processes regularly on the basis of key performance indicators such as the duration and quality of individual processes. To determine these indicators, we check, among other things, whether formal requirements are being met and whether the content is complete. The knowledge gained through both internal and independent external assessments is also taken into account.

If changed risks or new legal requirements call for adjustments, we adapt our CMS accordingly. The Group companies implement the respective improvement measures on their own authority. They also regularly monitor these measures to determine their effectiveness and continually inform the responsible management committees about the results of their monitoring process.

In order to ensure an independent external assessment of our compliance programme, KPMG AG Wirtschaftsprüfungsgesellschaft audited the Compliance Management Systems (CMS) for corruption prevention, antitrust and technical compliance 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 our CMS Corruption Prevention at the end of 2019, for our tCMS (focus on emissions) at the end of 2020 and for our CMS Antitrust at the end of 2021. The latter was the second such audit, with the first having been conducted in 2016.

Reported violations

The Business Practices Office (BPO) whistleblower system enables all Group employees, as well as business partners and third parties, to report misconduct anywhere in the world. A total of 33 new cases were opened during the reporting year. Overall, 20 cases, in which 24 individuals were involved, were closed “with merit”. In these cases, the initial suspicion was confirmed. Of these cases, two were in the “Corruption” category, two were in the “Technical Compliance” category and four were in the “Reputational Damage” category. In three cases, accusations of inappropriate behaviour of employees toward third parties were confirmed. Four cases were categorised as “Damage over €100,000”. The remaining cases fell into other categories. With regard to those incidents that are closed “with merit”, the company decides on appropriate response measures in line with the principles of proportionality and fairness. The personnel measures taken in 2021 included admonitions, warnings, termination agreements and (extraordinary) dismissals.

Social compliance

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 organisations, we are also observing increasing interest in human-rights issues by shareholders, investors and rating agencies. Indeed, 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 us. We have therefore made upholding human rights an area of action of our sustainable business strategy and have provided measurable targets and key figures for our approach to human rights.

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Target	Target horizon
Define and implement protective measures for addressing 100% of our production raw materials that pose an increased risk of human rights violations	2028
Milestone: review 40% of all raw materials that pose an increased risk	2022
Milestone: review 70% of all the production raw materials used that pose an increased risk of human rights violations and define any necessary remediation measures	2025
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

Policy commitment

Respect for human rights is a fundamental component of responsible corporate governance at the Group. We are committed to ensuring that human rights are respected and upheld in all of our Group companies and also by our partners and suppliers.

Our Principles of Social Responsibility and Human Rights, which were adopted in September 2021, reflect this voluntary self-commitment. The Chairman of the Board of Management and other members of the then Board of Management of Mercedes-Benz Group AG signed our Principles of Social Responsibility and Human Rights, as did the members of the General Works Council, the World Employee Committee and the IndustriALL Global Union.



Organisational embedding

The Social Compliance department serves as our centre of competence for human rights. In order to ensure effective implementation of our human-rights due-diligence approach, which is known as the Human Rights Respect System, this department works closely with the specialist units responsible for operational implementation, and in particular with the procurement units. Group-wide activities relating to human-rights issues are managed by the Integrity and Legal Affairs Board of Management division at Mercedes-Benz Group AG.

Human Rights Respect System (HRRS)

The Human Rights Respect System (HRRS) backs up the Company's approach to implementing its human-rights due-diligence obligations. This comprehensive due-diligence approach encompasses the identification and evaluation of our human-rights risks, the definition and implementation of measures, the handling of risks and the monitoring of measures taken. We use this system to monitor our own Group companies, our direct

suppliers (tier 1) and risk-based also the indirect suppliers beyond tier 1. For further information, see also the "Sustainability in the supply chain" chapter.

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

External stakeholders are also regularly involved as we continue to expand the HRRS step by step. The stakeholders include rights holders such as our employees and their representatives, as well as local residents. We also hold talks with international NGOs and other organisations concerning the human-rights risks arising from the extraction of certain raw materials.

Social Compliance Management System

We use our Social Compliance Management System (Social CMS) to identify and address risks that can arise at our Group companies. During the year under review, we fully integrated the issue of human rights into our central and systematic risk analysis process within the framework of the Social CMS for Group entities in which we have a majority shareholding. We then developed packages of measures for specific risks on this basis and passed these measures on to the corresponding Group companies. Like the Principles, this system is reviewed and revised regularly and as needed on the basis of the results of the HRRS.

We use the identified risk areas as a basis for an annual review of human-rights risks at Group companies and majority-owned entities. Here, we employ the two-step procedure that is described in the Compliance Management System — i.e., a preliminary classification of risks is followed by a validation process that uses data collected via surveys. This validated risk classification then serves as the basis for the assignment of appropriate measures to each Group company.

Human rights in the supply chain of production

materials. The Procurement department of the Mercedes-Benz Group monitors the human-rights compliance of direct suppliers by regularly conducting risk analyses that also include on-site CSR audits and an annual database research procedure to identify possible violations of our sustainability and compliance rules at an early stage on the basis of the latest supplier data. Should the database research and/or on-site audits reveal any red flags, Mercedes-Benz Procurement initiates an extensive examination of the situation. If the supplier does not sufficiently remedy the criticised processes, we make 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 our business relationship with a supplier.

We continued to conduct our audits at suppliers of production materials in 2021, when a total of 805 on-site audits were performed. Some of these audits were conducted virtually due to the covid-19 pandemic. We focus especially on critical raw materials when assessing human-rights risks in the production-material supply chain. We used a preliminary risk analysis as a basis for identifying 24 critical raw materials that will be gradually examined in more detail between now and 2028. This review basically consists of three steps:

1. Transparency: increasing transparency along the raw material supply chains — especially with regard to certain key components such as battery cells.
2. Identification of risk hotspots in these supply chains, e.g., on the basis of the specific risks in the individual mining countries, for example.
3. Definition and implementation of measures for the risk hotspots and review of whether they are effective over the long term.

Services. We also ensure that our service providers share responsibility for respecting human rights and for other sustainability-related aspects. For example, International Procurement Services (IPS) evaluates all new service providers in high-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.

We used a preliminary risk analysis as a basis for identifying 27 services that are potentially critical from a human-rights standpoint. On this basis, we cooperated with a team of experts to draw up a list of questions to be answered by service providers so that any increased human-rights risks can be identified for certain commodities and sectors. This gives us a transparent overview of the risks and enables us to initiate targeted analyses of the status quo and engage in a productive dialogue with relevant service providers. We also audit our service providers' due diligence activities. These audits focus on assessments of service providers in high-risk countries. We supplement our list of questions with document checks and database research in order to ensure the answers are plausible.

During the year under review, the on-site audits and screenings of direct service providers 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.

In order to make our service providers more aware of the importance of responsible behaviour with regard to human rights and to explain what we expect of them in this connection, we conduct Good Practice Sharing Workshops, which have also been held online since the spring of 2020. At the workshops, cross-functional teams from Procurement meet service providers to openly and constructively discuss various issues.

Complaint management

The company offers employees and external whistle-blowers various channels through which they can report suspected human-rights violations and request remedy. These channels thus also help us identify and assess human-rights risks at the Group. Both our BPO (Business Practices Office) whistleblower system and the World Employee Committee are available to receive reports of suspected human-rights violations. For further information, see also “Sustainability in the supply chain”.

Raising awareness of human-rights issues

Our Integrity Code and our Principles of Social Responsibility and Human Rights provide our employees with information about basic human-rights principles and raise their awareness of human-rights risks. The provisions of the Integrity Code and the Principles are binding for all of our employees and are also communicated to them in online training courses. In addition, the employees learn about human-rights issues in function-specific training courses. [🌐 group.mercedes-benz.com/company/compliance/integrity-code.html](https://group.mercedes-benz.com/company/compliance/integrity-code.html) and [🌐 group.mercedes-benz.com/sustainability/human-rights/principles-of-social-responsibility-and-human-rights.html](https://group.mercedes-benz.com/sustainability/human-rights/principles-of-social-responsibility-and-human-rights.html)