Mercedes-Benz Group

CLIMATE POLICY REPORT 2024

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Foreword

Dear readers,

we are now in the fourth year of publishing a Climate Policy Report. With this report, we are giving transparency on our engagement in 2024 and our positions on relevant climate related policies. We believe, that amongst global discussions on the necessity of climate protection vs. competitiveness, it is important to be transparent on the company's positioning.

At Mercedes-Benz, sustainability is at the core of our vision for the future. Recognising our responsibility to reduce CO_2 emissions across all activities, from production to operations, we are steadfast in our commitment to leading towards a more sustainable tomorrow – and have already achieved notable success along the way. This report outlines our progress and unwavering dedication but also the challenges to overcome on this path – some of them expected, others hardly foreseeable.

When we first decided to set the ambition to drive the transition to a net carbon-neutral[1] fleet, we were operating under circumstances that now feel like we were living in a different world: Russia had not invaded Ukraine; geopolitical rivalry between the two world powers that constitute our biggest markets had not set off; free and WTO based trade was a given; and Europe's biggest concern was Brexit and not economic recession, political polarisation and growing protectionism.

As a global company with an international production, R&D and sales network, our success is deeply linked to global politics and, thus, we are being directly impacted by these developments. Operating now in an increasingly fragile international environment, we have to face and deal with these challenges. By addressing them head-on, we are adapting quickly to this new world. However, this comes at a literal cost: Aligning and being compliant with a constantly changing political, economic, legal and regulatory framework demands not only an unprecedented level of organisational flexibility and ingenuity by us as a company – it is also highly cost-intensive and binds massive resources. Those resources would be needed to address the issues that come with the other major challenge we face: The trajectory of our industry's transformation.

As has been said above, we are strongly committed to this transformation and have made major progress on this way: Mercedes-Benz has successfully achieved net carbon-neutral operations across all its production plants worldwide since 2022. These achievements mark a significant milestone in our journey to reduce greenhouse gas emissions.

Building on this successful milestone, Mercedes-Benz is focused on extending net carbon-neutrality across the entire vehicle life cycle by 2039, including supply chain decarbonisation and resource circularity. Future initiatives include the expansion of renewable energy projects, such as wind farms and the work on closing material cycles to increase the proportion of secondary raw materials in our vehicles. Most importantly, of course, we have made massive investments in a wide range of electric, high-quality vehicles that represent leading technological edge.

[1] Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.

However, in the end the success of the automotive transformation depends on a successful BEV uptake (Battery Electric Vehicle). And we must acknowledge: Globally, the automotive industry is not there yet. Instead, we see a slowing – sometimes even stagnating – demand for BEVs especially on the European and US market that can be attributed to a variety of factors: Rising electricity prices, delays in the expansion of charging stations, and, thus, concerns about the range of electric vehicles, among others. In accordance, the necessary customer demand is not there yet. And while significant progress regarding range and the expansion of charging infrastructure has been made it has not proved sufficient to overcome customer hesitancy to transition to BEVs.

We thus must state: The transformation trajectory with its slow BEV uptake in Europe and the US does not match expectations that were held when we started the process many years ago. And while it is our corporate responsibility to protect our environment, we cannot act on the issue without guaranteeing financial sustainability as well. Hence, the rigorousness of regulation in face of this reality – when pragmatism would be needed – is adding another challenge to our endeavor to achieve net carbon-neutrality.

Especially the EU regulation targeting the green transition of the automotive industry must be subject to a reality check, which the EU Commission is now starting to consider within the framework of the "Strategic Dialogue on the Future of the Automotive Industry". Within the currently established framework conditions, the given transition goals can hardly be achieved. In order not to seriously damage auto makers for possibly failing to achieve these ambitious targets and in turn allow for further investments, current fleet regulation must be revised to be more flexible and tied to customer demand. To turn decarbonisation into a green and profitable business model, it is vital that the EU promotes the customer-driven ascendance of electric mobility towards a self-propelling market. In this light, we welcome the call for an expedited, KPI-based review of the EU CO_2 fleet legislation, which assesses market readiness and defines specific measures for further improvement. This forthcoming review should also consider other regulations, such as those affecting charging infrastructure and affordable renewable energy, related to the adoption of BEVs.

As the transformation in various key markets might last longer, all technologies contributing to decarbonisation are necessary. Rather than a tight framework limiting the technology that can be made available to our European customers we need to be open to various technological solutions – like in Japan, several US-states and China. Although China is having a robust BEV ramp-up over the recent years, the regulatory framework is also granting market access for multi-decarbonisation technologies. This multi-technology approach gives the opportunity to provide the customer with a variety of hybrid products.

In face of these challenges, we will continue to work even harder to improve in those areas where we have leverage. However, in the end the success of the automotive transformation depends on robust framework conditions that allow for a steadily increasing and successful BEV uptake. In this respect, the greatest leverage for improving framework conditions lies with the public sector, whether at national or European level. This applies not only to the expansion of the charging network and the reduction of energy prices, but also to the wider improvement of the conditions under which businesses operate in Europe.

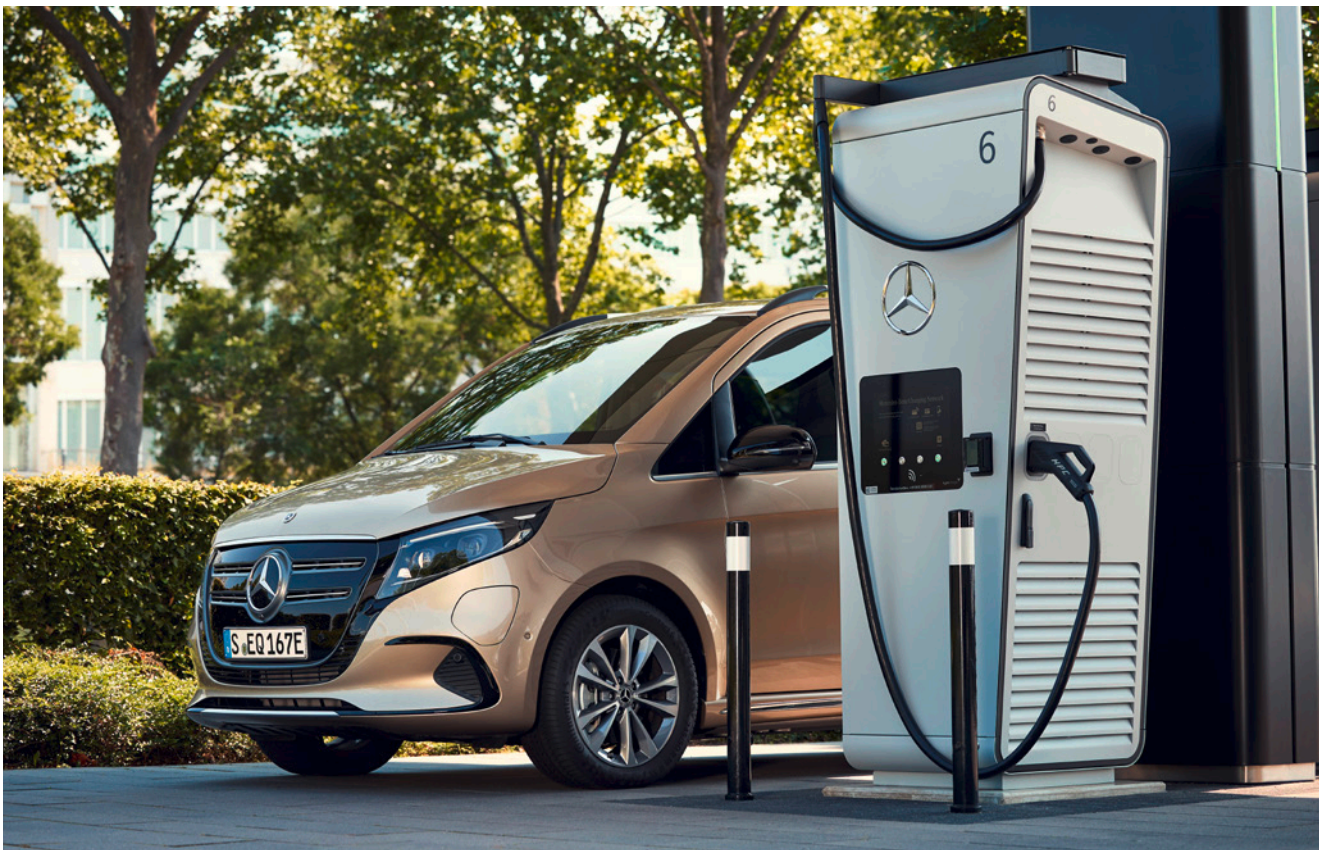
As the recently published Draghi Report has highlighted, the EU faces a crisis of competitiveness: Apart from high energy prices, European businesses are burdened by a shortage of skilled labor and – most importantly – major regulatory hurdles to companies' operations. The report showed that red tape but also a lack of cohesion within the EU's regulatory catalogue impede business activities and hamper innovation and economic growth. Naturally, this does also affect the automotive industry.

Amidst the anticipated challenges of 2025, there is a growing recognition among European political stakeholders of the urgent need for reform to strengthen competitiveness and to address these issues. Mercedes-Benz welcomes this openness to dialogue and remains committed to move forward transforming mobility. Political decision-makers are called upon to take all necessary measures to reboost the uptake of BEVs. It is essential to make electric mobility attractive for the customer, and it is the responsibility of the governments to create the appropriate framework. The industry has made substantial investments and will continue to drive electric mobility. Mercedes-Benz will continue to drive the transformation by offering our customers the most desirable electric vehicles and supporting the overall infrastructure with brand-specific solutions.

https://group.mercedes-benz.com/documents/investors/reports/annual-report/mercedes-benz/mercedes-benz-annual-report-2024-incl-combined-management-report-mbg-ag.pdf

Renata Jungo Brüngger

Eckart von Klaeden



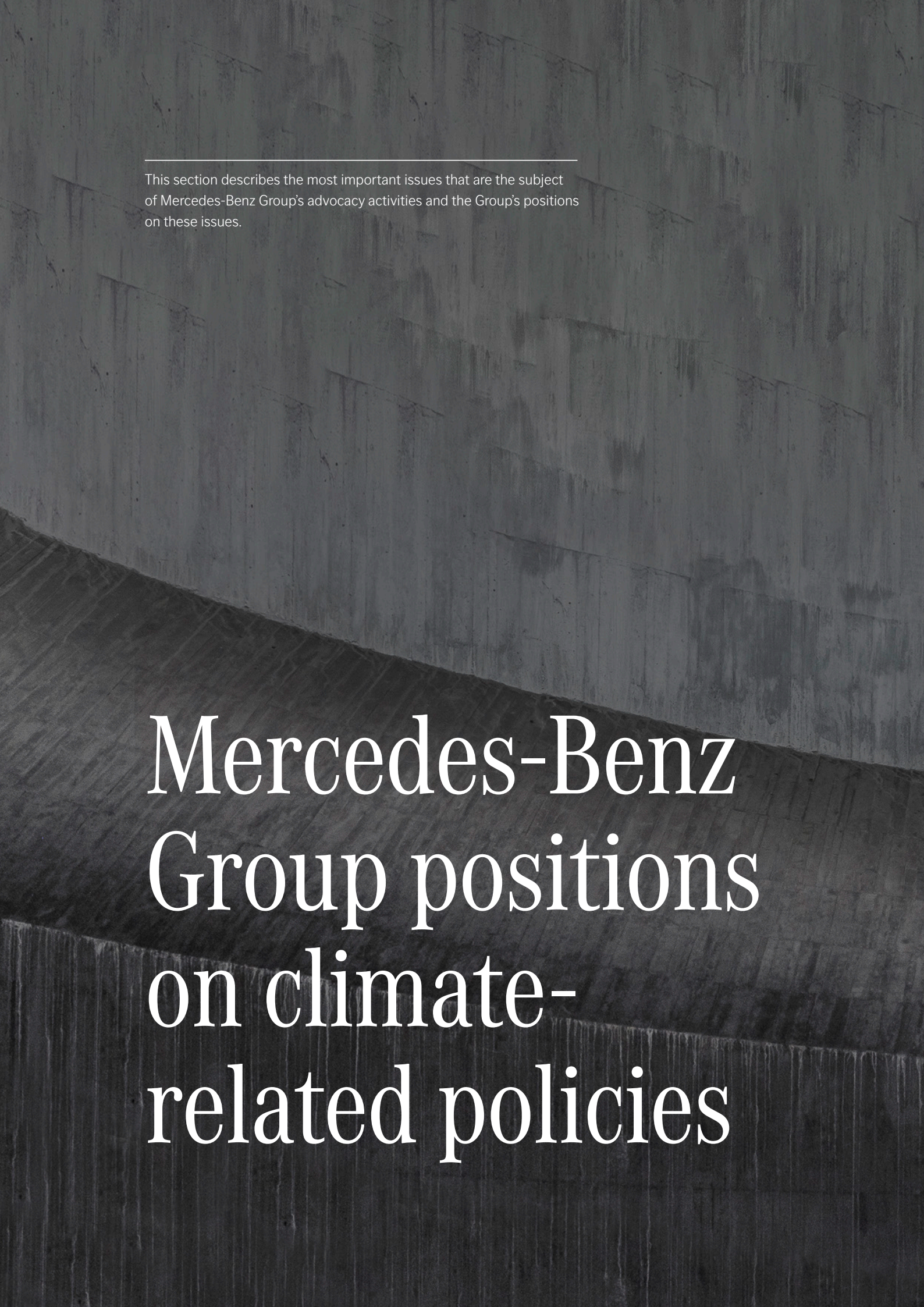
Mercedes-Benz Group Climate Policy Report 2024

The updated report begins with the foreword about Mercedes-Benz Group's transition to the ramp-up of electric mobility. It describes the Group's positions on climate-related policy items, followed by advocacy activities, which serve as proof points for the irrevocable commitment on climate protection.

As a player in the transport sector, the Mercedes-Benz Group supports the Paris Climate Agreement: It is convinced of the objectives of the agreement and seeks to act in line with it.

A further chapter is dedicated to review positions of industry associations towards climate-related policy items and how those positions match with Mercedes-Benz Group perspectives. The report closes by providing an overview on corporate governance organisation regarding sustainability and an overview on memberships.

By issuing the Mercedes-Benz Group Climate Policy Report 2024 the Group wants to be transparent about its positions and activities demonstrating its commitment to the climate protection goals.



This section describes the most important issues that are the subject of Mercedes-Benz Group's advocacy activities and the Group's positions on these issues.

Mercedes-Benz Group positions on climate-related policies

As a player in the transport sector, the Mercedes-Benz Group supports the Paris Climate Agreement: It is convinced of the objectives of the agreement and endeavours to implement them in all its divisions. The Mercedes-Benz Group is taking deliberate measures to counteract this trend and has made climate protection a key element of its business strategy. The ambition of the Mercedes-Benz Group: By 2039, create a net carbon-neutral Mercedes-Benz new vehicle fleet along the entire value chain and over the entire life cycle.

To achieve this, the Mercedes-Benz Group is transforming its products and the services that are the mainstay of its business. In the same way, the Group takes climate protection into account in all life cycle phases of its automobiles – from development and the extraction of raw materials to production, use and recycling of the products. The Mercedes-Benz Group sets itself ambitious targets for CO_2 reduction in the individual phases and systematically analyses the resulting CO_2 emissions and other environmental impacts along its entire value chain.

The most important levers for reducing CO_2 emissions in the vehicle sector are electrification of the vehicle fleet, charging with green electricity, improving battery technology, decarbonising the supply chain and the comprehensive use of renewable energies in production.

Mercedes-Benz plans to be in a position to cater to different customer needs, be it an all-electric drivetrain or an electrified or a high-tech combustion engine until well into the 2030s, and to reduce CO_2 emissions in supply chains, to enable a resource-efficient logistics concept as well as to ensure improved framework conditions through strategic partnerships and political advocacy. The pace of transformation is determined by market conditions, the infrastructure and consumer behaviour. According to the company's sustainability target, in addition to a net carbon-neutral production and the switch to an electric vehicle portfolio, Mercedes-Benz is heading, as much as possible, for a closed loop approach regarding recyclable materials and enhanced use of recyclates to contribute to the reduction of the overall resource consumption.

The focus of the Mercedes-Benz Group's climate policy is on reducing and avoiding CO_2 emissions. However, according to the Intergovernmental Panel on Climate Change (IPCC), global climate protection targets cannot be achieved through reduction measures alone. In addition, other technologies like CO_2 removal projects are seen as future technologies to further decarbonise.

The Mercedes-Benz Group thus supports the efforts of policymakers to protect the climate and is making its contribution to reduce CO_2 emissions as part of its sustainable business strategy. At the same time, the Group is convinced that the climate protection targets can only be achieved through collective action and dialogue based on partnership between politics, business, and civil society. As a company, Mercedes-Benz operates within the framework of the rules set by politics. In order to achieve the climate targets, it is therefore also up to the policymakers to set framework conditions, such as a capable charging infrastructure and increased use of renewable energies.

In the view of Mercedes-Benz, the decarbonisation of the entire transport sector and its transformation can be advanced via three main regulatory instruments:

- CO_2 targets for new vehicle fleets, supported by enabling conditions,
- increasing quotas for the share of renewable energies,
- establishment of CO_2 pricing mechanisms.

Position on transformation

The worldwide transition requires more than just offering all-electric vehicles. Mercedes-Benz advocates for effective political framework conditions with which the transformation can be successfully implemented.

- **Publicly accessible charging infrastructure**
  A central element of the market ramp-up of electric vehicles is the further expansion of a comprehensive, publicly accessible charging infrastructure at affordable prices powered by green energy for customers. This is the only way to make the electric mobility ecosystem attractive for users.

- **Financial support for battery-electric vehicles**
  Financial support for the acquisition of a new technology has a positive effect on the purchase decisions of customers. In order to accelerate the ramp-up of electric mobility, battery-electric vehicles should continue to be promoted for the foreseeable future in terms of purchase and use phase compared to conventional operated vehicles. It is important to give planning certainty for customers in order to ensure the widest possible acceptance for electric cars. Support programs for the automotive industry should be clearly defined for a multi-annual period and not only boosting for short-term since it is proving uncertainty for both customer and manufacturer.

- **A regulatory multi-technology approach is necessary to deal with different speeds of the transformation in different markets, this includes in particular plug-in hybrid vehicles**
  Mercedes-Benz sees plug-in hybrids as an important bridging technology for strengthening confidence in electric mobility. As a rule, a plug-in hybrid drives partially on electric power, unlike a comparable conventional vehicle. As the electric range increases with the use of larger plug-in batteries in the latest vehicles, the electric driving increases as well.

  If the market, the enabling conditions and customer demand remain stagnating, the transformation will take longer than expected. As the transformation in various key markets might last longer, all technologies contributing to decarbonisation are necessary. Rather than a tight framework limiting the technology that can be made available to our European customers we need to be open to various technological solutions – like in Japan, several US-states and China. Although China is having a robust BEV ramp-up over the recent years, the regulatory framework is also granting market access for multi-decarbonisation technologies. This multi-technology approach gives the opportunity to provide the customer with a variety of hybrid products.

Position on renewable energies

Increasing the share of renewable energies plays an essential role when it comes to reducing greenhouse gas emissions in the transport sector. Green electricity, i. e. electricity from renewable sources, is an important factor in the life cycle of an electric car to decrease CO_2 emissions.

- **Accelerating the transformation of the energy sector**
  Mercedes-Benz is therefore in favour of regulations that accelerate the expansion of renewable energies and enable the electrification of transport with growing shares of green electricity. The expansion of renewable energies must continue to gather pace. The Group therefore welcomes all political activities worldwide that promote the rapid transformation of the energy sector. Regarding the acceptance of electromobility the availability of affordable renewable electric energy is essential.

- **Commitment to ambitious EU targets**
  The EU Emissions Trading Directive – as the basis for the EU Emissions Trading System (ETS) – and the Renewable Energy Directive (RED) play a central role in European climate policy for the decarbonisation and expansion of renewable energies. The amendment of ETS and RED has been completed, both provisions have taken effect. In principle, Mercedes-Benz welcomes the thrust with regard to the expansion of renewable energies (RED) and the CO_2 reduction targets (ETS), because electrification of transport without an increasing share of green electricity would be counterproductive.

Mercedes-Benz Group EA Position Paper Renewable Energies and Green Production

Position on carbon pricing

CO_2 pricing is an important instrument for effectively reducing emissions and thus achieving climate protection targets. Mercedes-Benz supports regulatory measures on pricing mechanisms that simultaneously take into account the aspect of competitiveness worldwide.

In general, a distinction is made between two types of CO_2 pricing mechanisms: CO_2 taxation systems and CO_2 emissions trading systems. The CO_2 price can be set directly by the state through a CO_2 tax on the one hand and indirectly through an emissions trading system with a market for emission rights on the other. In this way, the price signal is intended to provide an economic incentive for behavioural changes on the part of the CO_2 emitter.

Mercedes-Benz sees these pricing mechanisms as useful for decarbonising the economy. From the Group's point of view, it is crucial to focus on implementable measures in the short term to strengthen the regional mechanisms for CO_2 pricing and at the same time to establish a global emissions trading system in the long term.

Mercedes-Benz Group EA Position Paper Carbon Pricing

Position on greenhouse gas (GHG) and fuel economy fleet regulations

CO_2 and fuel consumption regulations for fleets are policy instruments that make an important contribution to reducing CO_2 emissions from new vehicles. They provide the manufacturer with a plannable regulatory framework for the new vehicle fleet and thus for the successive switch to vehicles with low CO_2 emissions when driving. Mercedes-Benz regards fleet legislation in conjunction with coherent and comprehensive political measures to shape net carbon-neutral mobility as purposeful.

However, fleet regulations and in particular the European one must be subject to a continuous reality check and a realignment – to make it less rigid and more flexible for market developments and to reflect as well as the competitiveness of the automotive industry. Mercedes-Benz therefore promotes more market-based approaches to decarbonisation and a revision of the current regulatory framework. Very few forecasts predicted the current geopolitical and macroeconomic realities. Yet, the majority of European political goals and guidelines are based on assumptions that have not materialised. That's why these goals and guidelines must now be adapted to the changed reality. Beyond the 2025 compliance challenge for light-duty vehicles, a comprehensive review of the CO_2 regulations for light-duty vehicles (Cars & Vans) is necessary with regard to the roadmap towards 2030 and 2035. This review should outline how to develop the necessary framework conditions to enable the transition to zero-emission mobility and, at the same time, improve the industry's long-term competitiveness.

To structure the review the following principles should apply to come to a way forward:

- **Synchronicity of regulations** – Aligning the phase-out of ICE (Internal Combustion Engine) with the ramp-up of BEV and its ecosystem is crucial. A mismatch between investment and production demand risks significant losses and failure, e. g. in building a battery production system.

- **Coherence of regulations** – Access to raw materials, technology and production capacity in light of geopolitical realities; alignment of raw material production capacity to the geopolitical targets of the EU.

- **Technology openness** – Consideration of all decarbonisation technologies (PHEV, Range Extender Electric Vehicles, Carbon Neutral Fuels); other key markets with a significant BEV share are following a "multi-technology" approach, beneficial for competitiveness.

- **Market-driven** and not penalty-driven. A business case for customer is needed.

Besides the necessary political support, we also need more cross-sectoral cooperation to achieve this. The implementation of the CO_2 new car fleet legislation needs to be supported by accompanying policy measures:

- **Development of charging infrastructure and availability of renewable energy**
- **Fiscal and non-fiscal incentives to accelerate the electric ramp-up**

Overview of Mercedes-Benz Group's climate protection targets

The Mercedes-Benz Group believes that the complete electrification of its product range is the most important means of making its entire new vehicle fleet net carbon-neutral across all stages of the value chain and over the entire vehicle life by 2039. The Mercedes-Benz Group remains focused and tactically flexible in terms of its strategy. Accordingly, the Mercedes-Benz Group has adjusted some of its electrification targets and target corridors based on market conditions and customer requirements. Mercedes-Benz Cars and Mercedes-Benz Vans are taking the necessary steps to go all-electric. The pace of transformation is determined by market conditions, the infrastructure and consumer behaviour. Mercedes-Benz Cars and Mercedes-Benz Vans plan to be in a position to cater to different customer needs, whether it's an all-electric drivetrain or an electrified or a high-tech combustion engine until well into the 2030s. Climate change mitigation is a key cornerstone of the Mercedes-Benz Group's sustainable business strategy.

Target horizon	Targets and Ambitions
	Climate protection
2039	Creating a net carbon-neutral[1] Mercedes-Benz new vehicle fleet across all stages of the value chain and over the entire life cycle.
	Climate protection for vehicles
Within the next decade	The Group aims to reduce CO_2 emissions per passenger car in the new vehicle fleet up to 50 % across all stages of the value chain over the entire life cycle.[2, 3]
Second half of the decade	New car fleet from Mercedes-Benz Cars: Increase share of electric vehicles to up to 50 %[2]
Second half of the decade	Electrify all new vehicle architectures[2]
Second half of the decade	Offer a fully electric alternative for every Mercedes-Benz Cars model[2]
Second half of the decade	New vehicle fleet from Mercedes-Benz Vans: Increase the share of all-electric vehicles up to 50 %[2]
2025	Offer a fully electric alternative for every Mercedes-Benz Vans model. Target achieved since 2023
	Climate protection in the supply chain
2039	Procurement of production materials by Mercedes-Benz Cars and Mercedes-Benz Vans only with a neutral CO_2 balance
	Climate protection in production[4]
2030	Reduce CO_2 emissions (Scope 1[5] and 2[6]) by 80 %[7]
2039	Increase the share of renewable energies to cover 100 % of energy consumption
2030	Milestone Increase the share of renewable energies to cover energy consumption • Cars 70 % • Vans 80 %

[1] Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.
[2] The market conditions, the infrastructure and the consumer behaviour determine the course of the transformation.
[3] Compared to 2020.
[4] In our own Mercedes-Benz production plants worldwide.
[5] Scope 1 are direct CO_2 emissions from sources that the company is directly responsible for or that the company directly controls.
[6] Scope 2 are indirect CO_2 emissions from purchased energy such as electricity or district heating that is produced externally but used by the company.
[7] Compared to 2018

In the following, some of the Mercedes-Benz Group's climate-related national and international advocacy-activities are described like expert discussions with politicians on framework conditions to achieve net carbon-neutrality, participation in events to advance the climate policy agenda worldwide or the Group's engagements in initiatives.

Mercedes-Benz Group climate policy engagement

National and international climate related advocacy activities

Mercedes-Benz Group is engaging in the dialogue between politics, industry as well as society and is accompanying the political decision-making processes at the national and international level to advance sustainable business goals and the transformation of the automotive industry. The Group also discusses relevant future issues with relevant stakeholders that go beyond the core automotive topics and incorporates the results into its strategy.

Companies have a social responsibility which also includes the representation of political interests. After all, the balancing of different interests is essential in political decision-making. Policymakers need to be as well informed as possible about the consequences or alternatives of their actions. Early information helps them to make appropriate assumptions, appropriate assessment and the right decisions in good time. In this context transparency is helpful to understand decisionmaking processes and its stakeholders. The companies are in direct contact with politicians, but also through the associations. It is a legitimate right and expectation of politicians that companies make an appropriate contribution. Associations take on a state-political coordination function and serve as an overarching point of contact for policymakers in their respective areas of responsibility and fields of expertise. This is necessary for a functioning democracy.

Examples for political MB engagement on regional, national and international level:	
Political dialogue and expert discussions on regional and national level and advocacy through associations	• Participation of Mercedes-Benz Group representatives in multiple political formats, e.g. “Strategic Dialogue for the Automotive Industry Baden-Württemberg”, “Agora Verkehrswende Council” and “State Agency for New Mobility Solutions and Automotive Baden-Württemberg”. Active contribution in the working groups “smart car” and “decarbonisation” within the German government’s initiative “Transformation der Automobilwirtschaft” resulting in recommendation papers on digitalisation to foster vehicle data usage as well as on the challenges of implementing circularity within the automotive industry. https://expertenkreis-automobilwirtschaft.de/home/veroeffentlichungen
	• Active participation in the ACEA working group on circular economy to analyse EU Commission’s proposal on “Circularity Requirements for Vehicle Design and on Management of End-of-Life Vehicles” and publication of an industry position with key recommendations as a basis for further discussion with the European Parliament and respective committees as well as with the member states and the European Commission. https://www.acea.auto/news/vehicle-recyclers-and-manufacturers-raise-concerns-over-dismantling-rules-for-end-of-life-vehicles/

Political dialogue and expert discussions on regional and national level and advocacy through associations	• In 2024, high level representatives of Mercedes-Benz participated in various meetings with the German government, e. g. with the German chancellor on measures for the ramp-up of e-mobility including necessary industrial policy measures and with the EU Commissioner for Energy, Ms Kadri Simson, and the German minister for economy on the initiation of necessary framework conditions for bidirectional charging of electric vehicles in the EU. https://www.bmwk.de/Redaktion/EN/Pressemitteilungen/2024/10/20241023-habeck-european-summit-on-bidirectional-charging.html
	• With regard to bidirectional charging Mercedes-Benz is a member of the Advisory Board of the "National Centre for Charging Infrastructure" led by BMDV (Federal Ministry for Digital and Transport) and actively contributed to a cross-functional team with members of the automotive industry, energy providers and grid operators. A study was elaborated with recommendations for a favorable framework to foster the realisation of bidirectional use cases. https://nationale-leitstelle.de/wp-content/uploads/2024/03/Bidirektionales-Laden_final_240306.pdf
	• The Mercedes-Benz Group also actively supported the pop-up experience center organised by ACEA in Brussels (#FutureDriven Experience Centre Pop-up) where Mercedes-Benz CEO Ola Källenius hosted an event to high-level EU policy makers (EU Commission and EU Parliament) on the regulatory framework for decarbonisation and the competitiveness of the EU automotive industry. At the event the Center of European Policy (CEP) in Freiburg, Germany, gave a preview on their study regarding "Climate-Neutral Road Transport Driven by a Globally Competitive EU Automotive Industry". The study has been officially published on 21.01.2025. Towards Decarbonised Road Transport Driven by a Globally Competitive EU Automotive Industry | cep – Centre for European Policy Network
	• The ACEA experience center hosted more than 30 events, e. g. on the electrification of vehicles, and the move to circularity in our sector. ACEA underlined its role as the voice of the European automotive industry, and the events served to present its vision of the future of mobility to the new Commission and Parliament. The insights and discussions were well received by the participants. https://www.futuredriven.eu/experience-pop-up/

Examples for political MB engagement on regional, national and international level:

Advocacy on international level

- Mercedes-Benz CEO Ola Källenius attended the “China Development Forum” in March 2024, and delivered a keynote speech at the session hosted by Mr. Jin Zhuanglong, Minister of the Ministry of Information Industry and Technology (MIIT). In his speech he highlighted Mercedes-Benz’ sustainable business strategy and commitment.

  https://en.cdf.org.cn/cdf2023en/index.htm

- Participation of a representative of Mercedes-Benz HPC North America in a panel discussion on charging infrastructure as part of the “EV Seminar” organised by the “Alliance for Automotive Innovation” (September 9 – 11, 2024). The educational seminar was offered exclusively to state policy leaders to provide them with the basics of electric vehicle policy and to learn about the necessary requirements for the implementation of a comprehensive e-mobility ecosystem.

  https://www.autosinnovate.org/events/past-events/ev-seminar

- Also in 2024, the Mercedes-Benz Group organised its annual “Sustainability Dialogue” as a platform for exchange with its stakeholders. Mercedes-Benz representatives exchanged views with experts on current developments in the field of sustainability and discussed how to overcome existing challenges and successfully shape the transformation in the automotive industry. Apart from Germany (Stuttgart (HQ) and Dresden), this dialogue format was offered in New Delhi (India), New York City (US), and Beijing (China).

  https://group.mercedes-benz.com/sustainability/sustainability-dialogue-2024.html

Examples for MB collaboration with scientific bodies on decarbonisation:

CEP Study

- ACEA commissioned a series of studies on the state of play of the transformation to identify how the current regulation approach can be improved.

The Center of European Policy (CEP) in Freiburg, Germany conducted the "Climate-Neutral Road Transport Driven by a Globally Competitive EU Automotive Industry study". The Center for European Policy (CEP) in Freiburg is a think tank focused on European economic policy. It conducts research and provides policy recommendations on various issues related to the European Union and its member states. The CEP aims to contribute to the public debate on European policy by offering evidence-based analysis and fostering dialogue among policymakers, academics, and the public.

Commissioned by ACEA and supervised by Mercedes-Benz, the study examined whether the current EU regulatory framework is capable of promoting the transition to decarbonised road transport, in the EU and globally, while maintaining the global competitiveness of the EU automotive industry.

Key Results:

- Climate-neutral road transport in the EU
  The EU Emissions Trading System (EU-ETS 2) caps CO_2 emissions and guarantees that decarbonisation goals in road transport are reached. With this safeguard in place, to allow for a more market-driven transition, the EU can provide more technology openness by introducing flexibilities within CO_2 emission standards that enable automakers to adapt to changing conditions.

- To achieve this, CO_2 emission standards should be further developed by introducing flexibility options. These could for all vehicle types encompass, e.g., a phase-in, or conditionality of targets on the actual provision of necessary enabling conditions like recharging and refuelling infrastructure, and – regarding cars and vans – a banking/borrowing scheme, a postponement of the tightening of limit values or their reduction.

- EU policy should also guarantee the necessary enabling conditions – effective carbon pricing, sufficient recharging and refuelling infrastructure, as well as secure access to affordable raw materials and energy.

CEP Study

- Globally competitive EU automotive industry
  The de facto ban of Internal Combustion Engine Vehicles (ICEVs) or cars and vans and the missing perspective for HDVs running on biofuels or e-fuels risk a shutdown of those parts of the EU automotive industry – suppliers, final production, research and development – dedicated to production and improvement of ICEVs and hybrids, just to see global competitors take over and EU industry losing its competitive advantage. Related losses of jobs and value added would severely impair societal acceptance of EU climate policy.

- Therefore, manufacturers should be granted technology openness in the long term to maintain a strong home market for efficient ICEVs and hybrids that can run on climate-neutral fuels and be sold in other world regions likely to demand such vehicles for decades to come. Options for this are a special type approval for these vehicles and banning only pure conventional ICEVs as is done in China and some US states that still allow hybrids beyond 2035.

The Mercedes-Benz Group is active member of important international associations. Mercedes-Benz Group advocacy representatives engage in the working groups dealing with climate-related policies. For this report Mercedes-Benz Group selected four industry associations that are influential in climate-related policies.

These markets and related associations are by name the European Union and European Automobile Manufacturers' Association (ACEA), the United States of America and the Alliance for Automotive Innovations (Auto Innovators), the German Association of the Automotive Industry (VDA) and the Society of Manufactures and Traders (SMMT), which is the voice of the United Kingdom motor industry.

Review of industry associations' positions on climate-related policies

In the following, the associations' positions regarding climate-related policies are reviewed vis-a-vis Mercedes-Benz Group's perspectives. The focus hereby is on the statements published by the reviewed associations which are quoted in the following overviews.

European Union: European Automobile Manufacturers' Association (ACEA)

Vision/purpose	ACEA is working towards a new era of mobility, where all Europeans can access affordable transport solutions that are: • Green & Clean • Smart & Efficient • Safe & Reliable Our aim is to drive Europe's mobility transformation – while at the same time ensuring that the auto industry remains a strong global and competitive player. About ACEA – ACEA – European Automobile Manufacturers' Association
Membership of board/executive committee	**Ola Källenius** (Chairman of the Board of Management of Mercedes-Benz Group AG): Member of the Board of Directors of ACEA/Since 01.01.2025 ACEA President elected on 11.12.2024 by ACEA Board of Directors.
Positions on climate-related policies	**Paris Agreement:** Our sector is in the midst of the biggest transformation in over a century. We are fully committed to the Paris climate goals and are heavily investing in the green transformation. ACEA_FutureDriven_Manifesto.pdf **Carbon neutrality:** "All the auto industry's efforts are geared towards zero-emission mobility. Industry has sound proposals and solutions to make this transformation happen. Policies and regulations should align with and support the over-arching goal of reaching zero-emission transport: In Europe and made in Europe." (Sigrid de Vries, Director General of ACEA) The EU needs a holistic policy approach to zero-emission mobility – ACEA 2 European Automobile Manufacturers' Association

Positions on climate-related policies

Transformation:
The green transformation brings with it whole new value chains, which Europe has not yet fully developed. The transition to the digital age has also brought about profound changes in the business of vehicle manufacturers. At the same time, we are faced with fierce global competition, rising costs of doing business, increasing protectionism, and a radically changing geopolitical landscape. Given the scale of the transformation and challenges, no single stakeholder will be able to transform the whole mobility ecosystem alone. Therefore, we are putting forward a collective roadmap based on three pillars: Supply, production, and demand.

ACEA_FutureDriven_Manifesto.pdf

“Manufacturers alone are bearing the burden of a transformation hindered by factors beyond their control, like inadequate charging infrastructure and insufficient purchase incentives.” (Sigrid de Vries, Director General of ACEA)

“The industry can’t wait for the Commission to conclude the Strategic Dialogue on the future of the automotive industry to solve the 2025 penalties issue for cars and vans. Critical investment decisions are being made now, not months from now.”

“The solutions that are on the table for light-duty vehicles are flexibilities and not a U-turn in the decarbonisation policy. There is no turning back on the transition – more than €250 billion in investments by vehicle makers into zero-emission technologies are the best testament to it,” said Sigrid de Vries.

Europe’s car and van makers reiterate quick-fix CO_2 2025 solutions ahead of Strategic Dialogue action plan – ACEA – European Automobile Manufacturers’ Association

Positions on climate-related policies	**Renewable energy:** The roadmap laid down in the RED (Editor's note: Renewable Energy Directive) must extend well beyond 2030 by setting targets for increased availability of renewable fuels and energy that will set the pathway to 100 % fossil-free fuels and energy for road transport, thereby helping Europe to achieve climate neutrality by 2050 and giving the right long-term signals to investors and industry. ACEA_Position_Paper-RED-FQD.pdf
	Carbon pricing: The Emission Trading System (ETS) as a crucial part of the enabling policy framework: • As part of a holistic policy approach and in line with science, an ambitious carbon price, which gradually increases to significantly higher levels than today, is crucial to drive the deployment of zero-emission technologies and adequately incorporate the total costs of CO_2 emissions. ACEA_Position_Paper-ETS_road_transport.pdf EU ETS: Auto manufacturers welcome inclusion of road transport ACEA – European Automobile Manufacturers' Association
	GHG and fuel economy fleet regulations: • The European industry remains committed to the EU's 2050 climate neutrality goal and the shift to zero-emission mobility. But the industry need a realistic pathway to decarbonisation the European automotive industry. ACEA-Open_Letter_to_EU_Leaders.pdf
Review results	• The analysis shows that in principle Mercedes-Benz Group positions have a high congruence with ACEA key positions.
	• Despite manufactures have invested billions in the green transformation, the industry faces the challenge that the transformation in various key markets might take longer than expected.
	• In accordance, Mercedes-Benz plans to be in a position to cater to different customer needs, it's an all-electric drivetrain or an electrified or a high-tech combustion engine until well into the 2030s.
	• As the success of electric mobility crucially depends on the right framework conditions such as sufficient charging infrastructure and affordable charging prices, the Mercedes-Benz Group welcomes the upcoming review of the CO_2 regulation, which examines the effectiveness and impact of the CO_2 regulation, thereby assessing the progress made regarding the reduction targets and where appropriate propose amendments to the regulation.

Review results	• The Group appreciates ACEA's call for setting a policy framework to **reboost the uptake of BEVs** and ACEA's engagement within the review and "Strategic Dialogue" with the Commission to find a better way forward for the decarbonisation. In particular, regarding the CO_2 compliance situation in 2025, ACEA urgently called for short-term relief measures to avoid penalties and safeguard further investment capacity.

United States: The Alliance for Automotive Innovation (Auto Innovators)

Vision/purpose	The Alliance for Automotive Innovation (Auto Innovators) works with policymakers to support cleaner, safer and smarter personal transportation that helps transform the U.S. economy, and sustain American ingenuity and freedom of movement. A Unified Voice For the Auto Industry | Alliance For Automotive Innovation (autosinnovate.org)
Membership of board/executive committee	**Dimitrios Psyllakis** (CEO Mercedes-Benz USA)
Positions on climate-related policies	**Paris Agreement:** No statement available **Carbon-neutrality:** "We stand ready to work with your Administration to define the bold, comprehensive vision and innovation that will place the U.S. at the forefront of creating a cleaner future for motor vehicle transportation. This transformation is greater than any one policy, branch or level of government, or industry sector. It will require a sustained holistic approach with a broad range of legislative and regulatory policies rooted in economic, social, environmental, and cultural realities. Such an approach will complement and amplify significant private sector resources that will accelerate a net-zero carbon transportation future. If we work without a comprehensive plan, our nation will fall short of this goal." We are committed to the goal of net zero carbon transportation, and zero emission vehicles are critical to this goal. John Bozzella is president and CEO of Alliance for Automotive Innovation. autosinnovate.org/posts/press-release/ev-policy-letter-to-president-biden autosinnovate.org/posts/testimony/minnesota-clean-car-rulemaking

Positions on climate-related policies	**Transformation:** "The future is electric. Automakers are committed to the EV transition – investing enormous amounts of capital and building cutting edge battery-electric vehicles, plug-in hybrids, traditional hybrids and fuel cell vehicles that drive efficiency and convert petroleum miles to electric miles. Consumers have tons of choices." "But pace matters. Moderating the pace of EV adoption in 2027, 2028, 2029 and 2030 was the right call because it prioritizes more reasonable electrification targets in the next few (very critical) years of the EV transition." "These adjusted EV targets – still a stretch goal – should give the market and supply chains a chance to catch up. It buys some time for more public charging to come online, and the industrial incentives and policies of the Inflation Reduction Act to do their thing." "And the big one? The rules are mindful of the importance of choice to drivers and preserves their ability to choose the vehicle that's right for them." John Bozzella is president and CEO of Alliance for Automotive Innovation. autosinnovate.org/posts/press-release/epa-greenhouse-gas-emissions-and-criteria-pollutant-rules-statement
	Renewable energy: "Auto Innovators is concerned that the analytic baseline in the "Defense Production Act Title III Renewable Energy Industrial Base Assessment" (DRIA) takes a highly optimistic stance regarding how fast the grid will become clean over the next several decades. Obviously, if the grid becomes less carbon intensive due to more renewables, BEVs will be environmentally cleaner. The big need is for large new transmission lines to bring renewable energy to markets where it can be used. Moreover, the only plausible pathway for rapid expansion of renewable energy sources is to couple them with new energy storage technologies that make use of lithium ion batteries." Michael Hartrick, Auto Innovators
	Carbon pricing: No statement available

Positions on climate-related policies	**GHG and fuel economy fleet regulations:** "A vehicle tailpipe is regulated by three federal agencies and four sets of regulations. One vehicle overseen by competing, overlapping (sometimes conflicting) rules that aren't coordinated. It's expensive and complex and frankly why the country and automakers need a single national standard to reduce carbon in transportation through a streamlined regulatory structure. At the very least, if an automaker complies with Environmental Protection Agency's (EPA) greenhouse gas emissions rules, they shouldn't be at risk of violating the Transportation Department's coming Corporate Average Fuel Economy (CAFÉ) rules and subject to significant civil penalties (that create no environmental benefit but do levy additional costs on consumers, workers and manufacturers). EPA should get aligned with California Air Resources Board (CARB) to ensure both programs are on the same wavelength and not creating unnecessary compliance burdens (that deliver no corresponding emissions reduction benefits)." autosinnovate.org/posts/blog/epas-rules-are-out-of-whack-five-ways-to-fix-them
Review results	• Although Auto Innovators did not explicitly make a statement on the Paris Agreement, the association is committed to a net carbon-neutral transportation future, also recognising the importance of market factors and customer choice as the transition occurs. • The analysis shows that in principle Mercedes-Benz Group positions are corresponding and that the Mercedes-Benz Group efforts to bolster the U.S. EV market through charging investments, battery assembly, and vehicle manufacturing are important contributing factors necessary to push forward the EV market. • The Mercedes-Benz Group have steered and will further support discussions in the association towards a stronger commitment to shift to carbon neutrality in the long term and continue support for complementary market programs that advance electrification. • We remain committed to achieving an all-electric future, and in doing so, reiterate that in situation where we seek regulatory adjustments, it is to support our transition, provide additional air quality improvements, and address uncertainty, burden, and unnecessary costs.

Germany: German Association of the Automotive Industry (VDA)

Vision/purpose	Our goal: Climate-neutral mobility until 2050. We are working with electric drive, with e-fuels, and with hydrogen. We are working on this and are already the European champion in e-cars Association | VDA
Membership of board/executive committee	**Ola Källenius** (Chairman of the Board of Management of Mercedes-Benz Group AG): Vice President of the Managing Board & Presiding Board of the VDA until November 2024, followed by BMW CEO Oliver Zipse
Positions on climate-related policies	**Paris Agreement / Carbon neutrality:** The German automotive industry is taking up the challenge of climate protection. Our goal is climate-neutral mobility by 2050 at the latest – in line with the Paris climate protection targets. To achieve this, we are relying on innovations and technologies Fleet limit | VDA **Transformation:** "The EU Commission has set very ambitious goals for the future. We can and will achieve these goals if the location and the companies are provided with the right conditions to implement this transformation. The most ambitious climate goals in the world must be flanked by the creation of the best location conditions worldwide." Hildegard Müller, VDA President Fit for 55 package: "Unique opportunity to become a global example of climate protection and economic growth" | VDA **Renewable energy:** The preconditions necessary to enable climate-neutral transportation must be created more quickly. Most worthy of mention here are: • A faster expansion of the infrastructure, especially a comprehensive charging and refueling infrastructure for most of the European vehicle fleet, which must then be electrified or run based on renewable fuels. Fleet limit | VDA **Carbon pricing:** An emissions trading system is the central guiding instrument for CO_2 reduction – this also applies to transport. An effective CO_2 price, based on a reliable volume limitation, can set clear investment signals and thus develop the entire transport sector towards sustainability. Fit for 55 package: "Unique opportunity to become a global example of climate protection and economic growth" | VDA

Positions on climate-related policies	**GHG and fuel economy fleet regulations:** • The future fleet limits must be designed in such a way that the climate protection targets for 2030, but mainly those for 2050 or an earlier date, can be achieved. They must be aligned with an overarching regulatory framework, attainable for companies and acceptable for society. The achievability of ambitious fleet limits also depends on preconditions that the automotive industry cannot create on its own. Fleet limit | VDA
Review results	• The analysis shows that in principle Mercedes-Benz Group positions have a high congruence with VDA key positions. • Despite manufactures have invested billions in the green transformation, Mercedes Benz has to conclude, that the transformation in various key markets might take longer than expected. • In accordance, Mercedes-Benz plans to be in a position to cater to different customer needs, it's an all-electric drivetrain or an electrified or a high-tech combustion engine until well into the 2030s. • Since the success of electric mobility crucially depends on the framework conditions such as sufficient charging infrastructure and affordable charging prices, the Mercedes-Benz-Group welcomes the upcoming revision of the CO_2 regulation, which examines the effectiveness and impact of the CO_2 regulation, thereby assessing the progress made regarding the reduction targets and where appropriate propose amendments to the regulation. • The Group appreciates VDAs engagement, thereby advocating for a policy framework set by politics, to reboost the uptake of BEVs.

United Kingdom: Society of Manufacturers and Traders (SMMT)

Vision/purpose	The UK is open and primed for Net Zero by 2050. UK Automotive can and must be at the forefront of this green transformation. SMMT-Manifesto-2030-Automotive-Growth-for-a-Zero-Emission-Future.pdf
	The commitment of the automotive sector to be greener, cleaner and better remains undiminished. SMMT-Sustainability-Report-2023.pdf
Membership of board/executive committee	**Olivier Reppert** (CEO Mercedes-Benz UK Limited)
Membership of board/executive committee	**Paris Agreement:** The UK automotive industry is proud of the progress it has made over the last 25 years, a period in which the sustainability landscape has transformed. The introduction, and subsequent amendment, of the UK Climate Change Act has created a legally binding commitment for UK Government to deliver the Paris Climate Change Goals and achieve net zero by 2050. SMMT-Sustainability-Report-2024.pdf
	Carbon neutrality: To develop a UK automotive ecosystem fit to deliver a zero emission future. An ecosystem which delivers a healthy market and vibrant domestic production footprint, founded on a resilient supply chain successfully evolved to meet current and future technological needs for a zero emission future. An ecosystem which delivers the affordability, mobility and charging solutions for everyone. “The UK is open and primed for “Net Zero” by 2050. UK Automotive can and must be at the forefront of this green transformation.” Mike Hawes, CEO SMM SMMT-Manifesto-2030-Automotive-Growth-for-a-Zero-Emission-Future.pdf
Membership of board/executive committee	**Transformation:** The entire industry is committed to decarbonising industrial practices from well to wheel, but this is impossible without access to low cost, stable supplies of clean energy to maintain the sustainability and competitiveness of UK vehicle manufacturing. SMMT-Manifesto-2030-Automotive-Growth-for-a-Zero-Emission-Future.pdf

Membership of board/executive committee	As the automotive industry seeks to continue its progress towards a circular, carbon net zero economy, it must also maintain its global competitiveness, providing thousands of high-value, green jobs, and continuing to contribute significantly to the UK's economy through its turnover, investments and exports. SMMT-Sustainability-Report-2024.pdf
	Renewable energy: Abundant renewable energy can unlock the clean technology revolution for business and consumers at this pivotal moment in the transition to zero emission. SMMT-Manifesto-2030-Automotive-Growth-for-a-Zero-Emission-Future.pdf
	Carbon pricing: No statement available
	GHG and fuel economy fleet regulations: It is worth noting the mandate means the UK still retains the most ambitious transition timeline of any major market but without any private consumer incentives.
Review results	• The analysis shows that in principle the Mercedes-Benz Group positions have as well a high congruence with SMMT key positions.
	• Despite manufactures have pledged billions in the green transformation, Mercedes Benz has to conclude that the transformation will take longer.
	• With regards to the introduced VETs (Vehicle Emissions Trading Schemes), the MB-Group welcomes SMMT call for an urgent review of the scheme; the embedded targets must be realistically achievable and fit to the given framework conditions.

Framework for addressing misalignments

Mercedes-Benz acknowledges that other association members respectively the association may hold different positions on the discussed items. The Group consistently assesses these divergent perspectives in relation to its overarching strategic goals, in specific regarding its climate-related positions. In accordance with these overarching objectives, the Group actively pursues consensus within the association.

If alignments prove unattainable or divergent from the Group's targets or climate-related positions, Mercedes-Benz actively asserts its position, separately.

In the following chapter, the report describes the sustainability governance of the Mercedes-Benz Group

Mercedes-Benz Group sustainability governance

Management approach

Sustainability Competence of the Board of Management and the Supervisory Board
The Board of Management and the Supervisory Board of Mercedes-Benz Group AG determine the sustainability-related expertise of their members by taking into account the experience gained in the respective mandate, by looking at CVs and by self-disclosures. Knowledge and/or experience in the area of sustainability are also taken into account in the overall requirements profile for the Supervisory Board.

Governance
The Supervisory Board of Mercedes-Benz Group AG has anchored the cross-departmental control and coordination function for sustainability management within the Board of Management in the Integrity, Governance & Sustainability division. Responsibility for managing department-specific sustainability issues remains with the respective Board of Management areas.

The **Group Sustainability Committee (GSC)** meets quarterly under the leadership of Renata Jungo Brüngger, member of the Board of Management of Mercedes-Benz Group AG responsible for Integrity, Governance & Sustainability, in her role as Sustainability Coordinator. The GSC manages sustainability issues in line with the targets, metrics and actions decided by the Board of Management across departments, divisions and regions. Members include the member of the Board of Management appointed as Chief Technology Officer and also for Development and Procurement, and representatives of relevant functional areas and all divisions. The GSC informs the Board of Management of Mercedes-Benz Group AG at least twice a year on current sustainability topics of strategic relevance also responsible for Development and Procurement. This includes significant impacts, risks and opportunities as well as the development of the sustainable business strategy and associated metrics. The members of the GSC are responsible for the implementation of sustainability topics in their respective divisions or specialist areas.

In the **Sustainability Coordination Meeting (SCM),** the **Sustainability Competence Office (SCO)** – a department consisting of sustainability experts within the division Integrity, Governance & Sustainability – enters into dialogue with representatives from all relevant board departments and specialist areas. The SCM meets several times a quarter under the leadership of the SCO. The SCO, in turn, advises and supports the specialist areas in the further development of the sustainable business strategy, the implementation of regulatory requirements on sustainability, the integration of relevant ESG criteria in the Group's governance and core processes, as well as sustainability-related requirements from the Board of Management or GSC.

The **Advisory Board for Integrity and Sustainability** provides impetus for the Group's sustainability work. Its members are independent external experts from the fields of environmental and social policy, transport and mobility development, and human rights and ethics. The Advisory Board supports the Mercedes-Benz Group in a constructive and critical manner on issues of integrity, sustainability and corporate responsibility. It meets several times a year under the leadership of the Board of Management member responsible for Integrity, Governance & Sustainability.

The **Supervisory Board's** monitoring and advice of the Board of Management also includes sustainability issues. It is regularly informed by the Board of Management about the implementation of the sustainable business strategy. In addition, bilateral discussions and exchanges with the members of the Advisory Board for Integrity and Sustainability take place. The Supervisory Board examines at least once a year the key sustainability-related risks and opportunities for the Group identified in the materiality assessment, as well as the ecological and social impacts of the Group's activities.

Alignment of positions

The External Affairs department is the central coordination point for responsible political advocacy at the Mercedes-Benz Group. It is headquartered in Stuttgart and falls under the responsibility of the Chairman of the Board of Management. The Mercedes-Benz Group seeks dialogue with representatives of governments, policy and authorities at its locations worldwide via a global network with offices in Berlin, Brussels, Beijing and Washington, as well as via representatives in the markets.

The department ensures that the positions are in line with the sustainable business strategy of the Mercedes-Benz Group as well as with its guidelines. The aim is to provide Group-wide coordinated content for the political representation of interests and to address stakeholder groups in a coordinated manner. The Head of External Affairs, Eckart von Klaeden, is a permanent member of the Group Sustainability Committee (GSC) and supports the Committee's work on political issues. External Affairs also closely coordinates with the Board of Management and specialist units on issues relating political advocacy. To this end, the department organises meetings of the Governmental Affairs Committee for various executive divisions and specialist units. The meetings take place several times a year and on an ad hoc basis.

Strengthened credibility through transparency on advocacy

The Mercedes-Benz Group pursues transparent political advocacy and is a reliable advisor to political decision-makers. With the legally required registration in the German Lobby Register (registration number: R 002034), Mercedes-Benz Group AG is obliged to comply with the Code of Conduct for Lobbying under the Lobby Register Act in addition to its own lobbying principles. Mercedes-Benz Group AG is also enrolled in the Transparency Register of the Baden-Württemberg state parliament. Furthermore, the Mercedes-Benz Group is also registered in the EU Union Transparency Register (registration number: 2349218828-41) and has created additional transparency by accrediting its political representatives. In this way, it can transparently inform the parliamentary groups about its issues, as well as about the resources and players involved in safeguarding its interests.

The Mercedes-Benz Group also uses this “Mercedes-Benz Group Climate Policy Report” to provide information about its political positions. The Mercedes-Benz Group explains to political decision-makers and dialogue partners the possible impact of political decisions for the automotive industry, the Group’s products and services, locations and employees. This requires a clear positioning on the relevant topics, which are accessible to everyone under the “Advocacy” tab on the corporate website. The political positions on the Group website were updated in the reporting year.

Mercedes-Benz Group → Responsibility → Advocacy (Mercedes-Benz: How to be a responsible advocate for corporate interests | Mercedes-Benz Group → Responsibility → Advocacy)

Lobbyregister German Bundestag (Registereintrag “Mercedes-Benz Group AG” – Lobbyregister beim Deutschen Bundestag)

Transparenzregister Landtag Baden-Wurttemberg (Transparenzregister | Landtag Baden-Württemberg)

Transparency Register (europa.eu) (Home – European Union)

Mercedes-Benz Group Annual Report 2024

Strategic media engagement is key for accessible and transparent political perspectives on environmental issues

As part of its commitment to a transparent advocacy on climate related topics, the Mercedes-Benz Group engages in an active dialogue with media representatives to communicate its positions on environmental and transformation policies. To strengthen transparency in 2024, journalists from major national and international media outlets were regularly invited to participate in interviews, background talks and events with the aim to inform them, among other topics, about the company's positions on environmental regulations in the automotive sector. Moreover, the Mercedes-Benz Group makes its stand on environmental issues open for the public via its social media channels.

An important milestone was in October 2024 when Mecedes-Benz opened Europe's first battery recycling plant using integrated mechanical-hydrometallurgical process in Kuppenheim, Germany. With the opening, the company is demonstrating and implementing its commitment to circular economy. This was also part of our media engagement.

(1) Social Post LinkedIn & on Battery Supply Chains:

https://www.linkedin.com/posts/mercedes-benz_ag_mercedesbenz-activity-7255593959937265664-OLeA?utm_source=share&utm_medium=member_desktop

(2) Social Post LinkedIn Ola Källenius about the Critical Raw Materials Summit in Serbia:

https://www.linkedin.com/posts/ola-k%C3%A4llenius_the-presence-of-german-chancellor-olaf-scholz-activity-7220080651251691520-6CQo?utm_source=share&utm_medium=member_desktop&rcm=ACoAAC62TfcBCDeXY5jln6Q3K1vJb_LEQzFZIDY

(3) Social Post Renata Jungo Brüngger LinkedIn on 17th Mercedes-Benz Sustainability Dialogue:

https://www.linkedin.com/posts/renata-jungobruengger_sustainability-dialogue-decarbonisation-activity-7264990120527745025-Baz8

(4) Social Post Renata Jungo Brüngger LinkedIn on Raw Materials Report 2024:

https://www.linkedin.com/posts/renata-jungobruengger_raw-materials-human-activity-7267576802179457024-eE3q?utm_source=share&utm_medium=member_ios

(5) Press Information on the opening of the Mercedes-Benz Battery Recycling Plant:

Mercedes-Benz opens own recycling factory to close the battery loop | Mercedes-Benz Media

Forward-looking statements:
This document contains forward-looking statements that reflect our current views about future events. The words “anticipate”, “assume”, “believe”, “estimate”, “expect”, “intend”, “may”, “can”, “could”, “plan”, “project”, “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a negative change in market conditions in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates, customs and foreign trade provisions; changes in laws, regulations and government policies (or changes in their interpretation), particularly those relating to vehicle emissions, fuel economy and safety or to ESG reporting (environmental, social or governance topics); price increases for fuel, raw materials or energy; disruption of production due to shortages of materials or energy, labour strikes or supplier insolvencies; a shift in consumer preferences towards smaller, lower-margin vehicles; a limited demand for all-electric vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimisation measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; the resolution of pending governmental investigations or of investigations requested by governments and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which are described under the heading “Risk and Opportunity Report” in the current Annual Report.. If any of these risks and uncertainties materialises or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

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