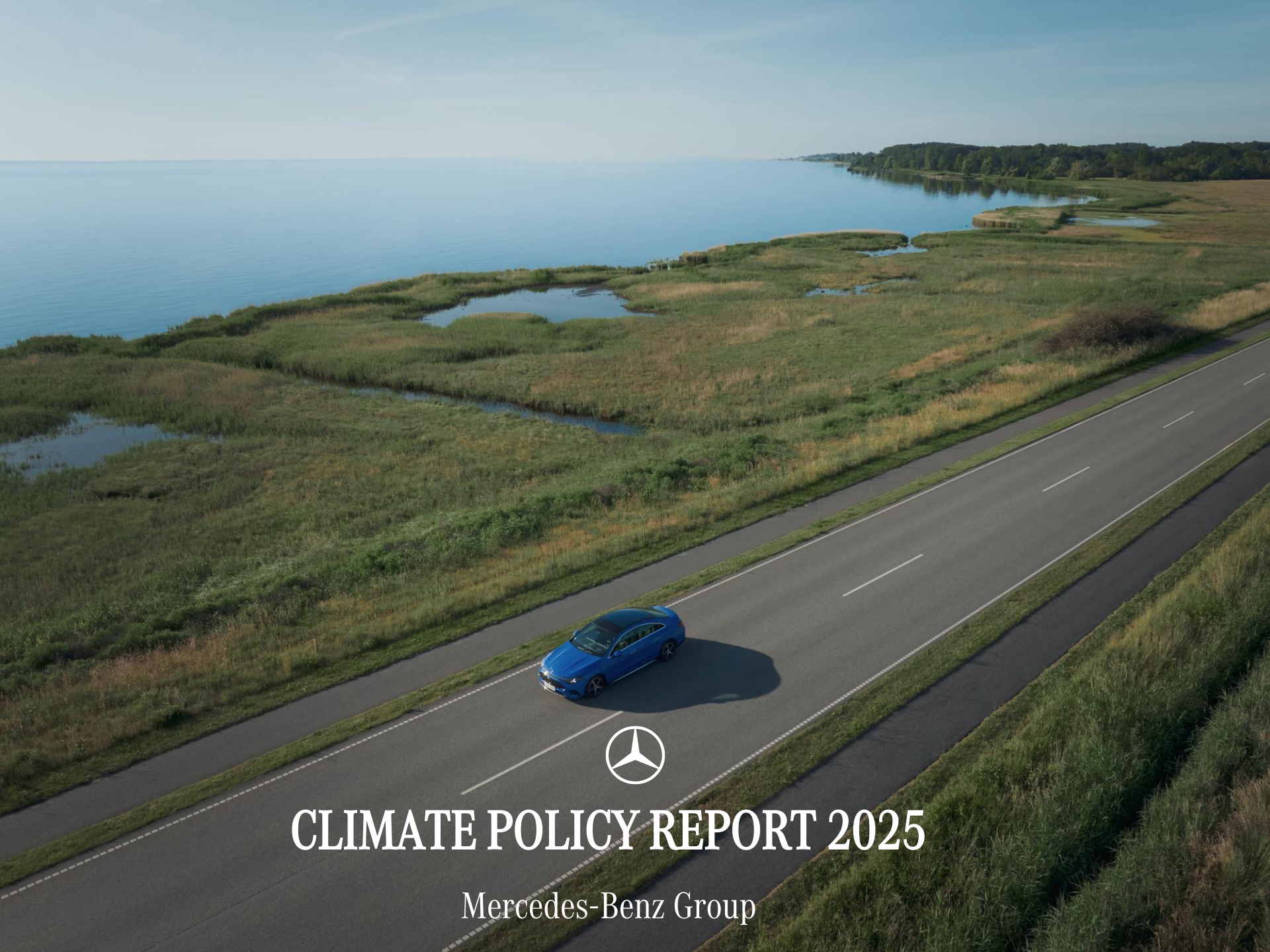
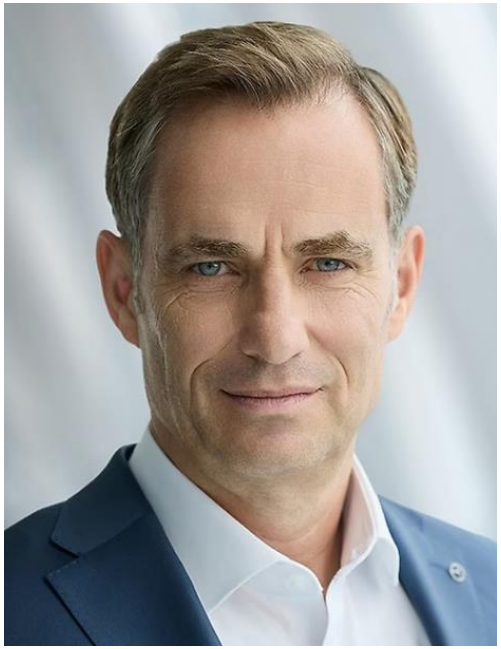


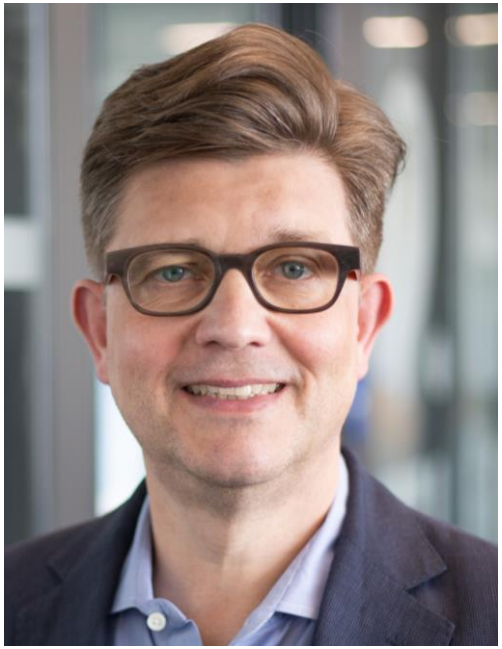
CLIMATE POLICY REPORT 2025

Mercedes-Benz Group

Foreword



Author: Olaf Schick -
Member of the Board of Management
of Mercedes-Benz Group AG.
Integrity, Governance & Sustainability



Author: Eckart von Klaeden –
Head of External Affairs
Mercedes-Benz Group AG.

Dear readers,

We live in an era defined by profound multiple challenges: the imperative to protect our climate, mounting geopolitical uncertainties, and growing global complexities, including in the legal and regulatory space – all while facing the need to strengthen our overall competitiveness. Given these circumstances, providing transparent insights into our unwavering commitment to decarbonization and the evolving challenges we face seems to be more crucial than ever.

At Mercedes-Benz, our aspiration - to build the world's most desirable cars - is inseparably linked to our profound responsibility towards the environment and society. We recognize that the transport sector remains a significant contributor to global CO_2 emissions, and we are steadfast in our commitment to reduce this impact across all our activities. Our “Ambition 2039” is a pivotal strategic component. By 2039, the entire Mercedes-Benz new vehicle fleet is to become net carbon-neutral[1] across all stages of the value chain and its entire life cycle. This ambition drives our relentless efforts to make electric vehicles more attractive through enhanced range, expanded charging infrastructure, and continuous advancements in battery and driving technology. The pace of the transformation is determined by market conditions, infrastructure and consumer behavior. We are continuously addressing the arising challenges as well as necessary adjustments due to regulatory developments.

We are proud to report the achievement of additional significant milestones in 2025, including the start of our company’s largest product offensive with various new all-electric models, like the new CLA, GLB and GLC. Building on this, we are extending our efforts across the entire vehicle life cycle, encompassing supply chain decarbonization, exemplified by initiatives such as the use of low-carbon materials in our vehicles and the build-up of a wind farm in Papenburg[2]. However, the global landscape and the framework conditions have shifted dramatically since we first embarked on this ambitious journey. While global mobility demand continues to grow, regulatory pathways differ significantly across regions, creating a highly diverse and volatile landscape for the automotive sector. These developments require us to continuously refine our approach and ensure that our actions are aligned with regional realities as well as global expectations.

Against this background, the success of the automotive transformation hinges on a robust Battery Electric Vehicle (BEV) uptake, and globally, the market is not yet where it needs to be. The current transformation trajectory, with its slower BEV uptake, does not match the former expectations. As industry we observe slowing and, in some markets, even a lower demand for BEVs as expected some years ago, particularly in the US.

[1] Net carbon-neutral means that carbon emissions that have neither been avoided nor reduced at the Mercedes-Benz Group are compensated for by certified offsetting projects.
[2] See: Mercedes-Benz plans around 20 wind turbines at its test track

This is why we strongly advocate for more efforts in this field.

Despite an unfavorable market situation, particularly the EU continues to regulate manufacturers on the supply of new vehicles yet fails to provide the conditions to enable a faster transition. Europe still faces an uneven and, in many regions, insufficient distribution of charging infrastructure as well as high energy prices. We call on the European policy makers to accelerate the EU wide build-up of a performant charging infrastructure and ensure low energy prices. While some progress has been made in these areas, it has not yet been sufficient to overcome persistent customer hesitancy. This brings manufacturers like Mercedes-Benz that have already invested billions in transformation into a challenging situation. While our corporate responsibility to protect the environment is paramount, we cannot act without ensuring financial sustainability. Given these realities, the lack of flexibility of current regulations further complicates our efforts, whereas pragmatism would be far more beneficial.

Furthermore, the geopolitical landscape, marked by ongoing conflicts such as the war in Ukraine, the proliferation of new trade barriers, and the escalating use of export controls, has generated an exceptionally volatile and unpredictable operating environment for the automotive industry. Europe, in particular, faces a near-total reliance on Asia for the critical battery value chain and essential raw materials. This is further compounded by burdensome tariffs imposed by key trade partners on European OEMs. These external pressures exert significant strain on the industry's global supply chains, impact the availability and cost of raw materials and sub-components, and demand considerable strategic agility and resources from our company.

While our commitment to decarbonization remains strong, these multifaceted challenges inevitably influence the pace and flexibility required for the implementation. Diverting substantial capacities to manage geopolitical risks, secure critical resources, and adapt to rapidly changing trade policies means that the timeline for achieving our goals may require a more nuanced consideration. This is not a retreat from our objectives, but a pragmatic acknowledgment of the current operating environment and the literal cost involved in aligning with constantly changing political, economic, legal, and regulatory frameworks.

We therefore urge policymakers to recognize these complex interdependencies and join the industry in implementing a more pragmatic and flexible way to achieve the climate goals. It is essential to continue with a 'reality check' of the transformation, before revising existing regulations as started with the EU Commission's recent review of the CO_2 regulation. A stable, predictable, supportive and achievable policy framework is more crucial than ever to enable the automotive industry to continue its transformative journey. This includes fostering innovation, ensuring reliable access to renewable energy, accelerating the expansion of a robust charging infrastructure – particularly in under-served areas – and providing the necessary flexibility in target achievement to account for unforeseen global disruptions.

We see the risk that under the currently given framework conditions, the set intermediate goals of the transition by EU regulators can hardly be achieved. To avoid seriously damaging automakers for potentially failing to meet these ambitious targets and to allow for continued investments in the transformation, current fleet regulations must be revised to be more flexible and tied to customer demand. We advocate for a truly multi-technology approach, similar to those seen in other leading markets, to offer customers a wider range of decarbonization solutions. We believe that multiple drivetrain technologies accelerate market acceptance and achieve decarbonization targets in real-world conditions, and that technology neutrality should be the core regulatory principle, safeguarding that all technologies – from EVs to (plug-in) hybrids, range extenders, highly efficient internal-combustion-engine (ICE) vehicles, and decarbonized fuels – can contribute to decarbonization.

Mercedes-Benz remains committed to maintaining its active role in sustainable transformation, which is underlined by our high investments in e-mobility. We are confident that through collaborative efforts, transparent dialogue, and a shared understanding of the intricate balance between climate action, geopolitical realities, and framework conditions, we can collectively forge a responsible path towards a carbon-neutral future. This report aims to provide a comprehensive overview of our ongoing efforts to reduce greenhouse gas emissions and our perspective on the policy landscape essential for accelerating this vital transition.

Mercedes-Benz Group Annual Report 2025

Olaf Schick

Eckart von Klaeden

Mercedes-Benz Group Climate Policy Report 2025

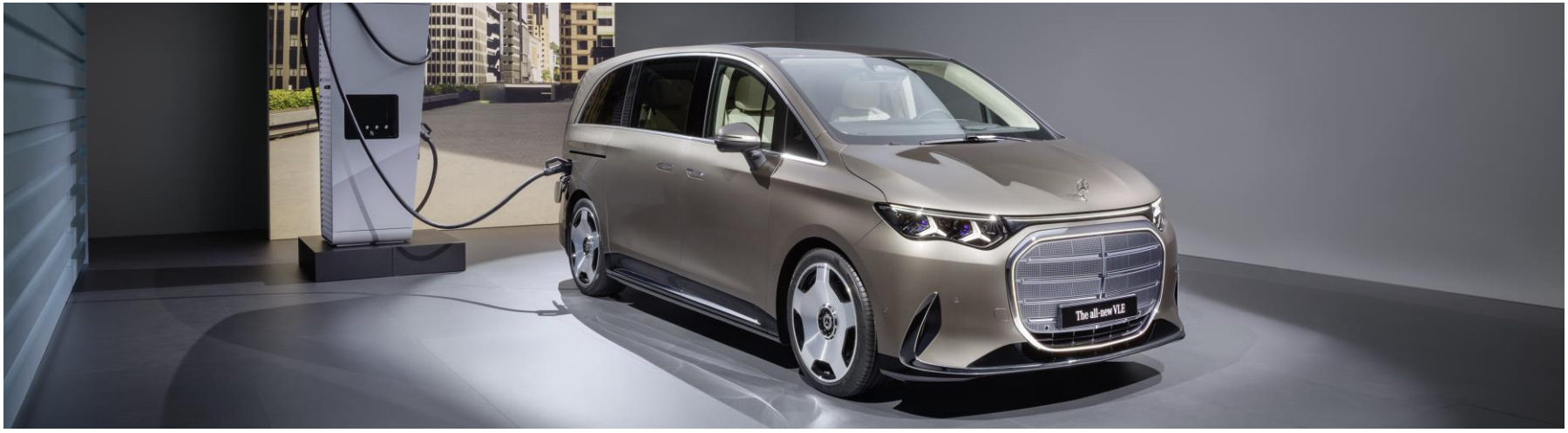
The updated report begins with the foreword about Mercedes-Benz Group's transition to the ramp-up of electric mobility. It describes the Group's positions on climate-related policy items, followed by advocacy activities, which serve as proof points for the irrevocable commitment to climate protection.

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 reviewing positions of industry associations towards climate-related policy items and how those positions match Mercedes-Benz Group perspectives. The report closes by providing an overview of corporate governance organization regarding sustainability.

The report and its assessment are based on the information available at the time of completion. Ambitions and positionings may be reviewed and adjusted as conditions and circumstances make it necessary to adapt.

By issuing the Mercedes-Benz Group Climate Policy Report 2025 the Group aims to be transparent about its positions and activities demonstrating its commitment to the climate protection goals.



Mercedes-Benz Group positions on climate-related policies

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. The Group follows the targets of the agreement and has confirmed sustainability as a core strategic element and decarbonization as one of the most important focus areas.

In addition to decarbonizing the supply chain, the Mercedes-Benz Group sees the electrification of its vehicle fleet as the most important lever for decarbonization. Since the ramp-up of electromobility is progressing differently in various markets and product categories, the Mercedes-Benz Group is continuously addressing the arising challenges. Mercedes-Benz Cars and Mercedes-Benz Vans are taking the necessary steps to offer in each segment an all-electric product. The Mercedes-Benz Group actively supports the expansion of charging infrastructure and charging services with electricity from renewable energy.

The pace of transformation is determined by market conditions, the infrastructure and consumer behavior. Mercedes-Benz Cars and Mercedes-Benz Vans are prepared for all market scenarios to cater to different customer needs, whether it's an all-electric drivetrain or an electrified or a high-tech combustion engine. To this end, production has been set up to be flexible in terms of drive systems.

The decarbonization of production is an important lever with regard to the "Ambition 2039". In order to consistently reduce CO_2 emissions at its own locations, the Mercedes-Benz Group relies on the purchase of green electricity, the expansion of renewable energies and the implementation of a sustainable heat supply.

The focus of the Mercedes-Benz Group's climate policy is on establishing the right framework conditions to avoid and reduce CO_2 emissions.

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 decarbonization of the entire transport sector and its transformation can be advanced via three main regulatory instruments:

- ambitious but flexible and realistic CO_2 targets for new vehicle fleets, supported by effective enabling conditions,
- increasing quotas for the share of renewable energies,
- establishment of reasonable CO_2 pricing mechanisms.

Position on transformation

The worldwide transition requires more than simply offering electric vehicles. Mercedes-Benz advocates for effective policy frameworks that enable a successful transformation.

- **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. Making the electric mobility ecosystem attractive for users is the main lever to ramp-up electric mobility.
- **Financial support for battery-electric vehicles**
  In order to accelerate the ramp-up of electric mobility, battery-electric vehicles should continue to be promoted financially for the foreseeable future in terms of purchase and use phase compared to conventional operated vehicles. It is important to give planning certainty to customers and manufacturers. Support programs for the automotive industry should be clearly defined for a multi-annual period instead of providing only short-term stimuli, as this creates uncertainty for both customer and manufacturer.
- **A regulatory multi-technology approach is necessary to deal with the 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 technology that enables CO_2 reduction even when charging infrastructure is not yet sufficiently available, thereby strengthening confidence in electric mobility. 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 as seen in the latest vehicles, the electric driving increases as well. In particular, in a future ecosystem, which favors electric driving, it can be expected that the electric driving share will further increase.

If the market, the enabling conditions and customer demand remain stagnating, the transformation will take longer than expected. Consequently, all technologies contributing to decarbonization are necessary. We need to be open to various technological solutions, like in Japan 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-decarbonization 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 therefore advocates for robust and forward looking regulatory frameworks that significantly accelerate the deployment of renewable energy sources and enable the rapid electrification of transport. A continuous and dynamic expansion of renewable and affordable electricity generation is indispensable - not only to reduce overall greenhouse gas emissions, but also to ensure that the growing fleet of electric vehicles can be operated with sustainably produced energy.

To support this transformation, the Group welcomes political initiatives worldwide that promote the rapid build out of renewable energy infrastructure and strengthen market conditions for green power. This includes measures that facilitate the integration of renewable electricity into grids, streamline permitting processes, incentivize investments, and advance technologies for energy storage and sector coupling.

- **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 decarbonization and expansion of renewable energies. The amendment of ETS and RED has been completed and 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 driven by the market-based Emissions Trading System (ETS), because electrification of transport without an increasing share of green electricity would be counterproductive. The ambition of both regulations must be strengthened in the forthcoming years.

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

Position on carbon pricing

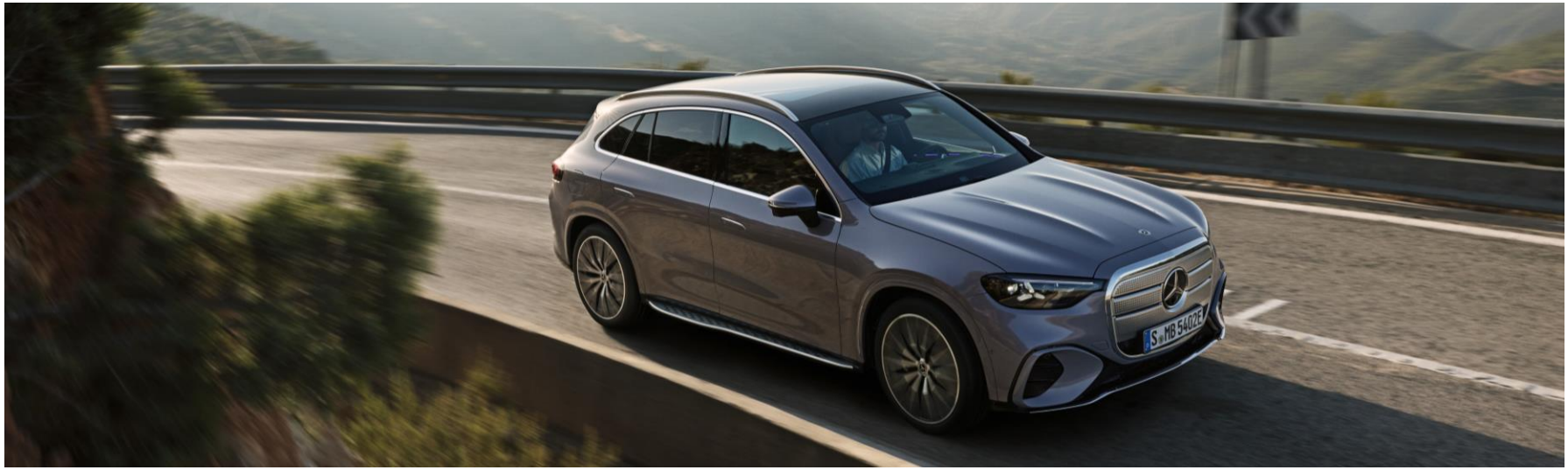
CO_2 pricing is an important instrument for effectively reducing emissions and thus achieving climate protection targets. Mercedes-Benz supports regulatory measures on pricing mechanisms that simultaneously take into account the aspect of global competitiveness.

A CO_2 price set by the government must be socially balanced and must not lead to no longer affordable individual mobility. Moreover, low charging energy prices complement incentive mechanisms to support e-mobility.

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 certificates on the other. In this way, the price signal is intended to provide an economic incentive for behavioral changes on the part of the CO_2 emitter.

Mercedes-Benz sees these pricing mechanisms as useful for decarbonizing 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, safeguarding competitiveness.

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 as an effective tool to shape the net carbon-neutral mobility[1].

However, fleet regulations and in particular the European one must be subject to a continuous revision and a realignment if necessary – to make it less rigid and more flexible for market developments and to reflect the need of balancing climate policy with competitiveness and resilience for the automotive industry. Mercedes-Benz therefore promotes more market-based approaches to decarbonization and a realistic and manageable regulatory framework. Very few forecasts predicted the current geopolitical and macroeconomic realities. Yet, most European political goals and guidelines are based on assumptions that have not materialized. That is why goals and guidelines must be adapted to a changing reality.

BEV market readiness will ultimately be decided by the customers. For more customer acceptance, an ecosystem for e-mobility is needed including a performing charging infrastructure, low charging prices and stable residual values in a secondary car market. This prevents customers sticking to their old vehicles much longer, which would be worse for the climate. Therefore, a reasonable European industrial policy must be flexible and pragmatic to allow for such market realities.

In 2025 the EU-Commission carried out a thorough review of the regulation and recognized the overambition of the rigid 2035 CO_2-target and proposed an adaptation, making a step towards a more technology neutral regulation by proposing a –90% target, instead of the –100%. The additional emissions are to be compensated by green steel and decarbonized fuels. This mechanism is in general welcomed, as it allows more flexibility while achieving climate targets in transport.

Nevertheless, challenges remain, especially regarding the cap of the compensation measures 2035. Further materials and additional levers should help to be even more flexible. At the same time, the 2030 CO_2-target for cars remains demanding. While the particular situation of vans (N1) was acknowledged and led to an adjustment of the target, the unchanged one for cars (M1) needs further flexibility. The important role of plug-in hybrids, as a critical bridging technology, must be maintained. This can be achieved by reflecting a future ecosystem, which is attractive for electric driving, in the utility factor.

[1] Net carbon-neutral means that carbon emissions that have neither been avoided nor reduced at the Mercedes-Benz Group are compensated for by certified offsetting projects.

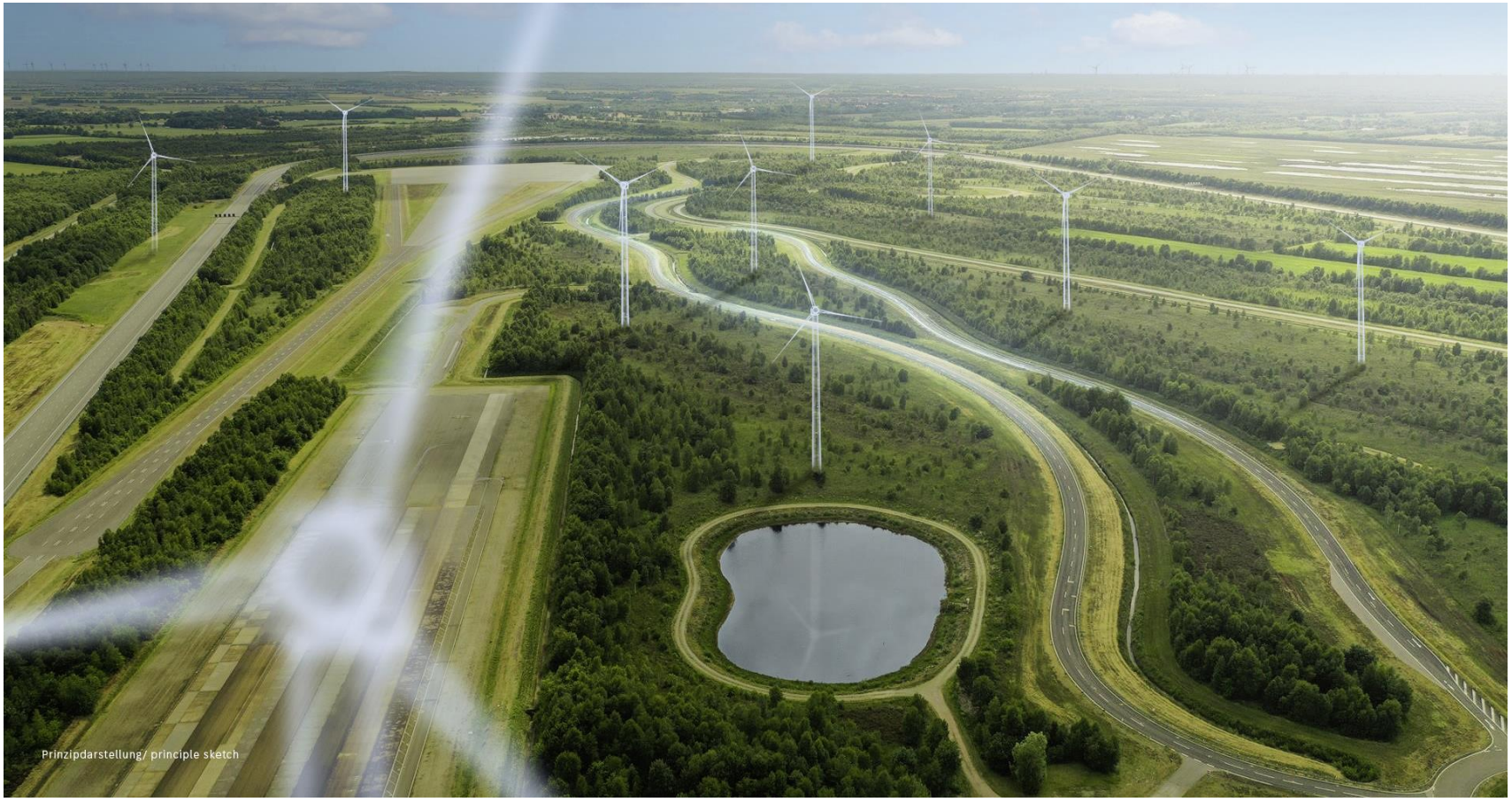
For the further discussion, the following principles should apply to achieve a successful revision of the CO_2 regulation:

- **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 decarbonization technologies (PHEV, Range Extender Electric Vehicles, Carbon Neutral Fuels); other key markets with a significant BEV share are following a "multi-technology" approach which is beneficial for competitiveness.
- **Market-driven** and not penalty-driven. Customers need unrestricted, affordable, and operationally tailored mobility.

From an international perspective, decarbonization in the automotive sector, though centered mainly on e-mobility, is marked by a highly dynamic environment and different regional transformation speeds. Many markets apply distinct fleet-based frameworks, penalty regimes, and credit mechanisms that reflect differing policy priorities, ambition levels, and timelines. The regulatory environment is increasingly characterized by volatility, leading to enhanced uncertainty in long-term planning. Consequently, this underlines the need for a flexible, multi-technology approach to effectively navigate complexities and advance global climate objectives.

Overview of Mercedes-Benz Group's climate protection targets

The Mercedes-Benz Group has set itself climate-related targets. The Group reviews the targets and their achievement annually. The Mercedes-Benz Group uses internal processes to monitor the progress and effectiveness of its policies and actions.



Target horizon	Target and Ambitions
	Climate protection
2039	Create a net carbon-neutral[1] Mercedes-Benz new vehicle fleet along the entire value chain and over the entire life cycle.[2]
	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	Increase the share of electrified vehicles in the respective new car fleet of Mercedes-Benz Cars and Mercedes-Benz Vans up to 50 %.[2, 4]
	Climate protection in the supply chain
2039	All production materials procured by Mercedes-Benz Cars and Mercedes-Benz Vans are net carbon-neutral.[1]
	Climate protection in production
2030	Reduce CO_2 emissions (Scope 1[5] and 2[6]) by 80 % compared to 2018.
2039	Increase the share of renewable energies in production by 100%.
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 have neither been avoided nor reduced at the Mercedes-Benz Group are compensated for by certified offsetting projects.
[2] The pace of the transformation is determined by market conditions, infrastructure and consumer behavior. We are continuously addressing the arising challenges as well as necessary adjustments due to regulatory developments.
[3] Compared to 2020.
[4] Mercedes-Benz Cars: plug-in hybrids and all-electric vehicles, Mercedes-Benz Vans: all-electric vehicles.
[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.

Mercedes-Benz Group climate policy engagement

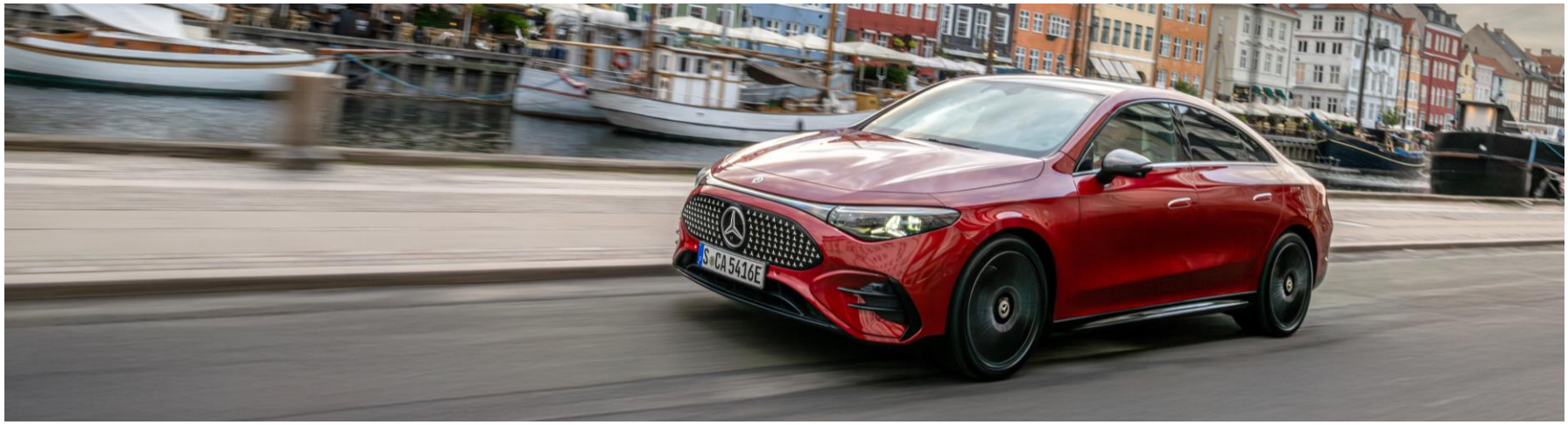
In the following, some of the Mercedes-Benz Group's climate-related national and international advocacy-activities are described like expert discussions with politicians on framework conditions to achieve net carbon-neutrality[1], participation in events to advance the climate policy agenda worldwide or the Group's engagements in initiatives.

[1] Net carbon-neutral means that carbon emissions that have neither been avoided nor reduced at the Mercedes-Benz Group are compensated for by certified offsetting projects.

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, reasonable assessment and the right decisions in good time. In this context transparency is helpful to understand decision-making processes and its stakeholders. Companies are in direct contact with politicians, but also through the associations. It is a legitimate right and expectation of politicians that companies make a value-adding contribution to the political discourse. 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” and “State Agency for New Mobility Solutions and Automotive Baden-Württemberg”. Active contribution in the working groups “smart car” and “decarbonization” within the German government’s initiative “Transformation der Automobilwirtschaft” resulting in recommendation papers on digitalization to foster vehicle data usage as well as on the challenges of implementing circularity within the automotive industry, published in 2025. Expertenkreis Transformation der Automobilwirtschaft - Veröffentlichungen
	• In 2025, high level representatives of Mercedes-Benz participated in various meetings with the German government, e. g. with Federal Minister Carsten Schneider (Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety, BMUKN) on the enabling conditions and an accelerated deployment of charging infrastructure for a successful ramp-up of electric vehicles and with Federal Minister Patrick Schnieder (Federal Ministry of Transport, BMV) on autonomous driving. Furthermore, Mercedes-Benz CEO Ola Källenius gave a keynote on charging infrastructure at the ‘Charging Infrastructure Conference’ of Federal Ministry of Transport (BMV) in November 2025. BMV - Ladeinfrastruktur-Konferenz 2025: Bundesminister Schnieder stellt „Masterplan Ladeinfrastruktur 2030“ vor

Political dialogue and expert discussions on regional and national level and advocacy through associations	• As Mercedes-Benz is a member of the Advisory Board of the “National Centre for Charging Infrastructure” led by BMV (Federal Ministry for Digital and Transport), the company actively contributed to the update of the Master Plan Charging infrastructure III, which contains measures to accelerate the deployment of charging infrastructure in Germany. Downloads | Nationale Leitstelle Ladeinfrastruktur
	• Mercedes-Benz is also a member of the „Made for Germany“ initiative, which is a cross-industry initiative in which 114 leading companies and investors unite for a strong, successful, and sustainable economy in Germany. Mercedes-Benz provided substantial input to various working groups, a.o. to the one on accelerating charging infrastructure deployment. Made for Germany - Gemeinsam sind wir stark
	• Furthermore, Mercedes-Benz was partnering with the Hamburg Sustainability Conference 2025, an event that convenes senior representatives from governments, international organizations, private sector entities, and civil society to advance progress toward the Sustainable Development Goals. The company was represented by the Chief Technology Officer of Mercedes-Benz Mobility AG. Hamburg Sustainability Conference - Previous Conferences

Political dialogue and expert discussions on regional and national level and advocacy through associations	• As President of ACEA, the group's CEO Ola Källenius participated in all three 'Strategic Dialogues on the Future of the European Automotive Industry', which were launched in January 2025 to safeguard the sector's global competitiveness during its transition to zero-emission and digital technologies. In these dialogues, the automotive industry is actively working to find solutions that better balance decarbonization, competitiveness, and supply chain resilience, emphasizing its commitment to the ongoing transformation. Third Strategic Dialogue on automotive convened: bold and fast action required - ACEA - European Automobile Manufacturers' Association
	• Participation in the ACEA working group on circular economy to analyze EU Commission's proposal on "Circularity Requirements for Vehicle Design and on Management of End-of-Life Vehicles" and provide recommendations as a basis for the discussion with the European Parliament and respective committees as well as with the member states and the European Commission in the context of the trilogue negotiations. Recycled plastics in cars: why we need an effective, well thought-out ELV regulation - ACEA - European Automobile Manufacturers' Association
Advocacy on international level	• An important dialogue format is the annual Sustainability Dialogue held in Stuttgart. The event enables external stakeholders from different sustainability topics to exchange ideas with members of the Board of Management of Mercedes-Benz Group AG and the extended management in the form of plenary discussions and working groups. Mercedes-Benz Sustainability Dialogue 2025 | Mercedes-Benz Group > Sustainability

Examples for political MB engagement on regional, national and international level:	
Advocacy on international level	In addition, the Sustainability Dialogue was held in New Delhi (India) and Beijing (China). For instance, in Beijing Mercedes-Benz China hosted the 13th Mercedes-Benz China Sustainability Dialogue at BBAC in October 2025, where the company highlighted its progress in production and the new CLA as examples of sustainable manufacturing and product innovation. Beijing municipal government officials were invited to be deeply involved in the one-day program, combining keynote speeches, expert dialogues, thematic showcases and test drives with the all new CLA. The event provided a comprehensive view of Mercedes-Benz sustainability initiatives. It also served as an important platform for engagement with the municipal authorities, strengthening Mercedes-Benz ongoing policy dialogue on green and high-quality development. https://xinwen.bjd.com.cn/content/s690d8877e4b0221b9bef48c1.html?utm_source
	• The President & CEO of Mercedes-Benz High-Power Charging in the US participated in various panel discussions, presenting Mercedes-Benz' view of shaping the EV charging ecosystem. Panel discussions have been on the transition from gas vehicles to electric mobility, on charging infrastructure, battery innovation, and policy collaboration, highlighting the need for widespread charging networks, resilient grid systems, and sustainable battery supply chains. Climate Week: Powering Ahead Agenda | Debates, panels and case studies | Sustainability Week USA Power Shift: Navigating the Intersection of Energy and Transportation | Tech Brew

Review of industry associations' positions on climate-related policies

The Mercedes-Benz Group is an active member of important international associations. Mercedes-Benz Group advocacy representatives engage in 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

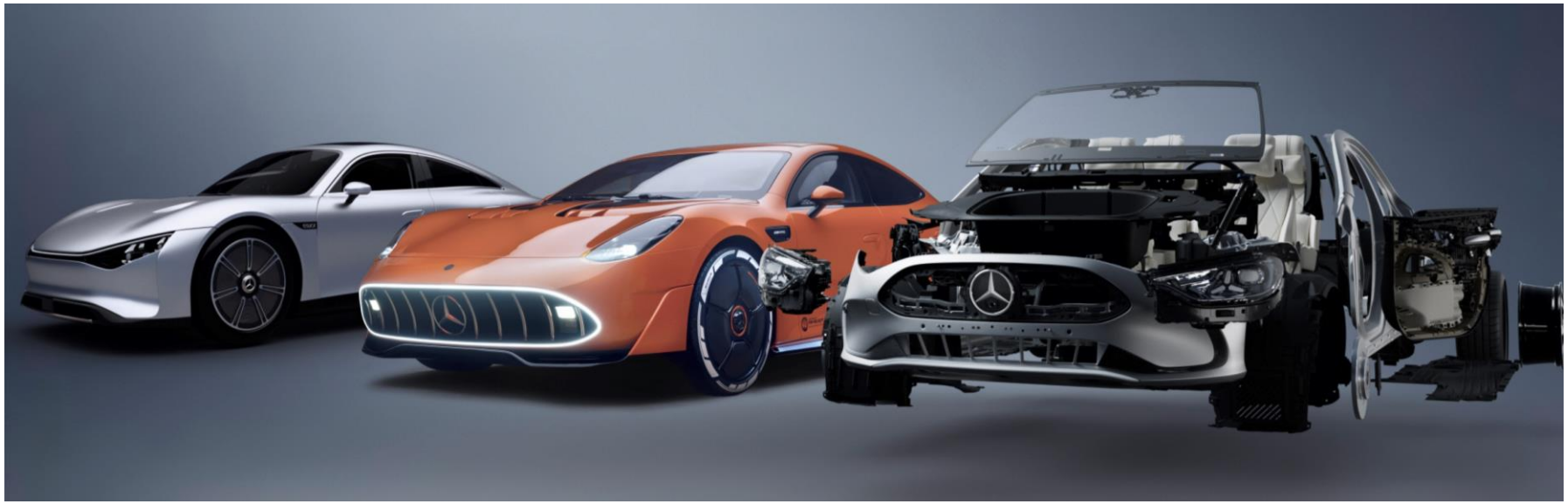
European Union: European Automobile Manufacturers' Association (ACEA) | United States: The Alliance for Automotive Innovation (Auto Innovators) | Germany: German Association of the Automotive Industry (VDA) | United Kingdom: Society of Manufacturers and Traders (SMMT)

The Mercedes-Benz Group is an active member of important international trade associations. Representatives of the Mercedes-Benz Group engage in working groups that address climate-related policies.

For the purposes of this report, Mercedes-Benz Group has selected four industry associations that are influential in shaping climate-related policies.

The selected markets and their corresponding associations are the European Union and the European Automobile Manufacturers' Association (ACEA); the United States of America and the Alliance for Automotive Innovation (Auto Innovators); Germany and the German Association of the Automotive Industry (VDA); and the United Kingdom and the Society of Motor Manufacturers and Traders (SMMT), which represents the UK motor industry.

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): Elected as ACEA President for 2025 and 2026, the priorities, amongst others, have been defined as follows: • Safeguard realistic pathway for decarbonization of transport – achievable targets in the CO_2 fleet regulations. • Re-boost electromobility with focus on KPI-driven enabling conditions and policy measures for beneficial TCO (Total Cost of Ownership). • Foster industrial policies to enable European manufacturers to be highly competitive in the global automotive markets. • Engage in industrial diplomacy: lay the foundation for new approaches for future economic coexistence and collaboration despite EU, China, and US drifting apart.

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

"Motor vehicle manufacturers are fully committed to bringing CO_2 emissions down to zero, supporting Europe's target of reaching climate neutrality by 2050."

ACEA fact sheet – Review of CO2 targets for cars and vans

"Auto makers remain fully committed to the 2050 climate neutrality goal."

ACEA reiterates need for realistic reform of cars and vans CO2 reduction policy - ACEA - European Automobile Manufacturers' Association

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

For the strategic dialogue on the future of the automotive industry, ACEA introduced into the discussion a 'better way to green' to balance decarbonization, competitiveness and resilience of the value chains. In this approach technology neutrality including high-efficient ICE, PHEV and REEV is one key element, however BEV is the main path for decarbonization of the transport sector. Furthermore, additional emissions can be compensated by levers like decarbonized fuels, early introduction of green materials, car park renewal and carbon removal technologies.

Third Strategic Dialogue on automotive convened: bold and fast action required - ACEA - European Automobile Manufacturers' Association

Positions on climate-related policies

"A pragmatic, flexible, and technology-neutral approach is needed to accelerate the transformation and safeguard investments and jobs in the European Union"

ACEA fact sheet – Review of CO2 targets for cars and vans

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) is 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

"The European Automobile Manufacturers' Association (ACEA) notes with caution the decision to delay or weaken the introduction of the EU Emissions Trading System for road transport and buildings (ETS2). The ETS2 is an indispensable market-based instrument for achieving effective and cost-efficient greenhouse gas reductions across all transport modes, including light- and heavy-duty vehicles".

Weakening ETS2 risks slowing Europe's road-transport decarbonisation path - ACEA - European Automobile Manufacturers' Association

Review of industry associations' positions on climate-related policies

European Union: European Automobile Manufacturers' Association (ACEA) | United States: The Alliance for Automotive Innovation (Auto Innovators) | Germany: German Association of the Automotive Industry (VDA) | United Kingdom: Society of Manufacturers and Traders (SMMT)

Positions on climate-related policies	**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 needs a realistic pathway to decarbonization the European automotive industry." ACEA-Open_Letter_to_EU_Leaders.pdf
Review results	• The analysis shows that, overall, the Mercedes-Benz Group's positions are highly aligned with ACEA's key strategic priorities — a coherence further strengthened by the fact that Ola Källenius, CEO of Mercedes-Benz, currently serves as President of ACEA.
	• Despite the billions invested by manufacturers in the green transition, Mercedes-Benz recognizes that the transformation towards electric mobility is more complex than anticipated and will require more time to reach full scale.
	• Accordingly, Mercedes-Benz aims to remain capable of meeting diverse customer needs well into the 2030s — whether through fully electric drivetrains or highly efficient, electrified combustion engines.
	• In order to achieve a realistic decarbonization pathway that takes economic factors and resilient supply chains into account, the Group supports ACEA's position regarding regulatory flexibilities for 2030/2035 within the EU CO_2 fleet regulation. Additional emission can be compensated through various measures such as accelerated decarbonization of fuels and use of green materials (green steel, etc.) as well as accelerated car parc renewal..
	• Since the success of electric mobility depends on robust framework conditions — including sufficient charging infrastructure and affordable charging prices — the Group values ACEA's commitment to creating a policy framework that enables a rapid and sustainable scale up of electric mobility.

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	**Jason Hoff** (CEO Mercedes-Benz USA)
Positions on climate-related policies	**Paris Agreement:** No statement available **Carbon-neutrality:** "Transitioning to cleaner and more affordable vehicles requires ongoing collaboration between multiple stakeholders and government. Continuing this transition requires government commitment to the following policies and programs, developed in collaboration with industry: • Improving the availability and reliability of public charging infrastructure • Creating cost parity between EVs and ICE vehicles with incentives • Adopting vehicle-grid integration policies • Continuing consumer education and outreach • Supporting a market-based approach to EV battery end-of-life management" Auto Innovators Affordable Clean Cars Coalition Comments Jan 2026

Positions on climate-related policies	**Transformation:** "We have seen time and time again that states with purchase and lease incentives, along with other complimentary policies, have increased EV sales. We recommend that states within the Affordable Clean Cars Coalition implement incentives that can help narrow the current cost gap and we would be happy to support these efforts within the states." Auto Innovators Affordable Clean Cars Coalition Comments Jan 2026 "Financial incentives still motivate Californian households to buy EVs. Whether due to concerns about vehicle cost, perceptions about the availability and reliability of infrastructure, or lack of familiarity with the technology, many Californians need encouragement to consider a ZEV." Auto Innovators CARB Drive Forward Incentives John Bozzella, Alliance for Automotive Innovation: "At this stage of the transition and given current market conditions, consumer incentives can lead to more EV adoption and affordability in California – and support the automotive and battery industrial base across the country." What they're saying: strong support for Governor Newsom's $200M ZEV program | Governor of California "Electric vehicles. Automakers continue to invest billions in electric vehicles – which include plug-in hybrid, battery electric, and fuel cell vehicles. Currently, nearly 70 electric vehicles ranging from cars to SUVs to minivans, economy to luxury are available to consumers. However, electric vehicles only make up roughly four percent of new vehicle sales in the United States and still face numerous barriers related to consumer interest and adoption. A suite of complimentary policies is needed at both the state and federal levels – such as purchase incentives, expanded charging and hydrogen refueling infrastructure, and fleet purchases - to create a supportive marketplace for increasing EV sales." Policy Agenda | Alliance For Automotive Innovation

Positions on climate-related policies	"Support the Electrification Ecosystem. To support automotive investment in electric vehicle development and expand consumer choice, federal and state policymakers should expand funding for and prioritize the buildout of reliable and dependable EV charging and refueling infrastructure. State policymakers should also invest in the resilience and robustness of the electric grid to support EV charging and adopt building codes that ensure residential access to EV charging." 2025 Policy Priorities.pdf "[Auto Innovators is] eager to work with [U.S. DOT Secretary] to create a durable and sensible regulatory environment that supports automotive innovation. This includes: [...] Supporting automotive investment in electric vehicle development and consumer choice by maintaining funding for EV charging and refueling infrastructure" Auto Innovators Letter to USDOT Secretary Sean Duffy on his Confirmation, Jan. 29 ,2025
	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

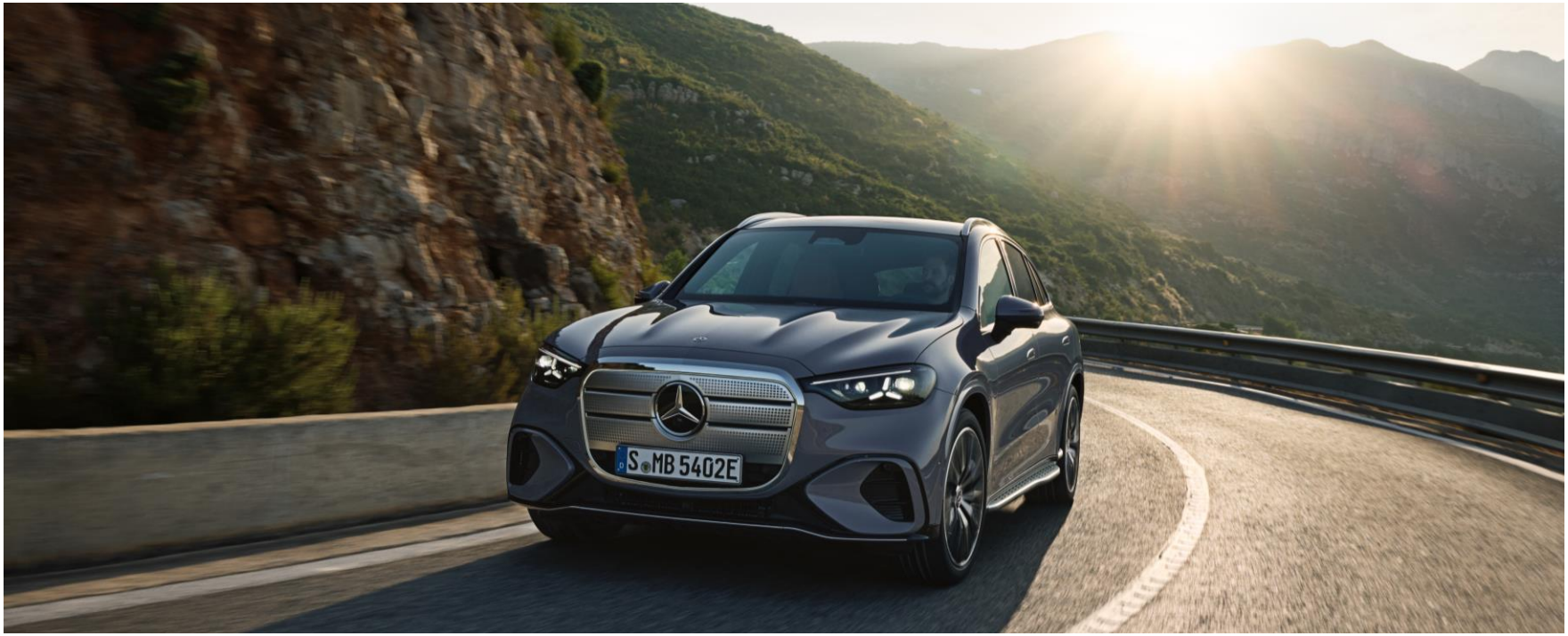
Positions on climate-related policies	**GHG and fuel economy fleet regulations:** "[Auto Innovators] is eager to work with [U.S. DOT Secretary] to create a durable and sensible regulatory environment that supports automotive innovation. This includes: Contributing to reasonable and achievable emissions regulations that are aligned with our shared belief that American consumers must always be able to choose a vehicle that's right for them and their family." Automaker Statement on Confirmation of Sean Duffy as Transportation Secretary | Alliance for Automotive Innovation "A balanced approach to emissions in the U.S. is key to preserving vehicle choice, keeping the industry globally competitive and in a position to support the country's economic and national security in the years ahead." Statement on EPA Light-duty Emissions Regulations | Alliance for Automotive Innovation, March 12, 2025 "Ensure Regulatory Alignment. To preserve regulatory certainty, policymakers should ensure compatibility and alignment between the greenhouse gas regulations and fuel economy regulations at the federal level and, to the extent possible, between federal and state regulation of greenhouse gas and criteria emissions. In doing so, policymakers should be sure to accommodate consumer choice and market realities." 2025 Policy Priorities.pdf "A national, harmonized program will provide results. We support a unified national program that includes California and aligns fuel economy (CAFE) and greenhouse gas (GHG) emissions regulations to achieve year-over-year improvements in efficiency. Policies must support innovation. A national GHG and fuel economy program should include flexibility to promote innovation, encourage additional real-world GHG reductions, and support investment in the United States. Congress should support technology-neutral policies that help build a sustainable market for electric vehicles and incentivize consumer choice." Policy Agenda | Alliance for Automotive Innovation

Positions on climate-related policies	"Auto Innovators' member companies are focused on ensuring the health and competitiveness of the auto industry in the U.S. In furtherance of this goal, we have long promoted a stable regulatory environment coordinated across the whole of government and reasonable, achievable standards that preserve consumer choice and support innovation. In addition, Auto Innovators has supported continued progress in improved fuel economy and emissions reductions. Auto Innovators has also supported standards that capture the benefits of advanced, lower-carbon liquid fuels, especially for the gasoline-powered legacy vehicles that will remain in operation for years to come." EPA on GHG Endangerment and Standards Rescission 9-22-2025; "What's good for consumers and the auto industry? A stable regulatory environment and balanced, reasonable, achievable standards that continue to reduce emissions and improve fuel economy. […] These also happen to be policies that will preserve consumer choice and keep the U.S. auto industry globally competitive." Statement on White House Fuel Economy Plan, Dec. 3, 2025
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 recognizing 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 production of vehicles that satisfies our customers' demands and wants, including electric vehicles are important contributing factors supporting the continued development of an EV market. • The Mercedes-Benz Group will continue steering discussions in the association towards continued advocacy for a regulatory environment that facilitates customers' ability to purchase the vehicle of their choice, including electric vehicles, through policies that incentivize and support sales and necessary infrastructure investments. A stronger commitment to shift to net carbon neutrality in the long term and continue support for complementary market programs that advance electrification as market conditions permit.

Review of industry associations' positions on climate-related policies

European Union: European Automobile Manufacturers' Association (ACEA) | **United States: The Alliance for Automotive Innovation (Auto Innovators)** | Germany: German Association of the Automotive Industry (VDA) | United Kingdom: Society of Manufacturers and Traders (SMMT)

Review results	• The Mercedes-Benz Group is prepared to work with government agencies to identify more appropriate pathways and timelines that maximize technology development underway for the worldwide market, while aligning with market realities.
	• Electric vehicles remain an important part of the Mercedes-Benz production line-up, and we will continue supporting regulatory changes that help encourage the production and sale of such vehicles in a reasonably achievable and economically practicable matter that aligns with market conditions.



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
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"

Positions on climate-related policies	"The automotive industry is firmly committed to the Paris climate goals and is continuing to drive forward the rapid ramp-up of electromobility. Regarding CO_2 fleet regulation, however, it is becoming increasingly clear that there is an urgent need for action in view of the diverse global and trade policy challenges, the still inadequate framework conditions and the currently sluggish demand for electric cars. This need for action affects not only the automotive industry, but also politics and other stakeholders." Strategic Dialogue In Brussels | 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:** "Reliably achieving climate targets is only possible with an emissions trading system that places a binding cap on CO_2 emissions and thus ensures annual CO_2 reductions. The second European carbon pricing system for road transport, heating supply and industry (ETS-2) must therefore be introduced as planned in 2027 and replace national pricing. This supports the market ramp-up of electromobility while at the same time creating effective incentives to bring climate-neutral fuels such as electricity-based e-fuels into the market." Emissionshandel und CO2-Preis | VDA

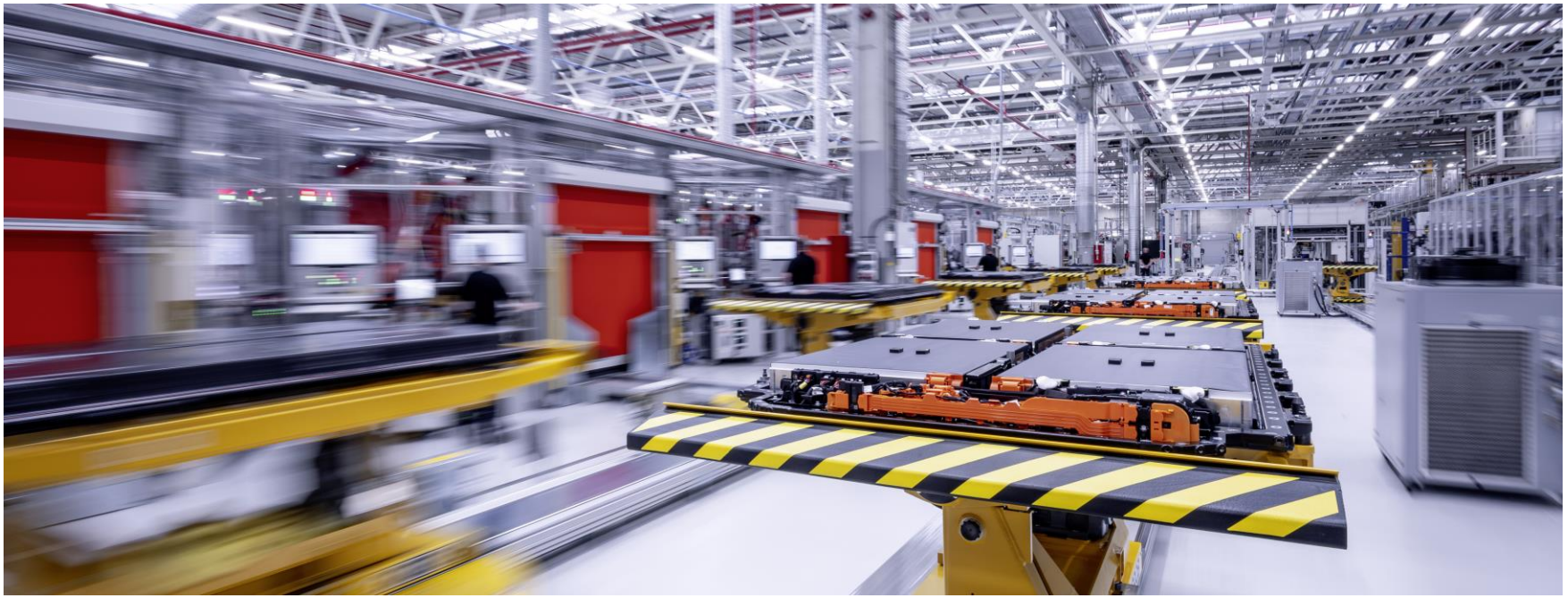
Review of industry associations' positions on climate-related policies

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 "With its 10-point plan for climate-neutral mobility, the German Association of the Automotive Industry (VDA) has presented key recommendations on how to achieve climate neutrality in the transport sector while simultaneously strengthening Europe's competitiveness. Electromobility will make a significant contribution to achieving climate neutrality. In addition to plug-in hybrids and range extenders, modern combustion engine vehicles powered increasingly by renewable fuels can also play a crucial role." VDA 10-point plan for climate-neutral mobility | VDA
Review results	• The analysis shows that in principle Mercedes-Benz Group positions have a high congruence with VDA key positions. • Despite manufactures having pledged billions in green transformation, Mercedes-Benz Group has to conclude that the transformation will take longer. • In accordance, Mercedes-Benz Group plans to be in a position to cater to different customers' needs, whether trough fully electric drivetrains or highly efficient, electrified combustion engines, until well into the 2030s.

Review of industry associations' positions on climate-related policies

European Union: European Automobile Manufacturers' Association (ACEA) | United States: The Alliance for Automotive Innovation (Auto Innovators) | **Germany: German Association of the Automotive Industry (VDA)** | United Kingdom: Society of Manufacturers and Traders (SMMT)

Review results	• To achieve a realistic decarbonization pathway that takes economic factors and resilient supply chains into account, the Group supports VDA's engagement regarding regulatory flexibilities for 2030/2035 within the EU CO_2 fleet regulation and the highlighted 10-point plan for climate-neutral mobility.
	• Since the success of electric mobility depends on robust framework conditions — including sufficient charging infrastructure and affordable charging prices — the Group values VDA's commitment to creating a policy framework that enables a rapid and sustainable scale up of electric mobility.



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 "Our industry understands the important role we must play in the UK's achieving net zero by 2050; put simply, if we do not decarbonize, that target will be missed." Mike Hawes, CEO SMMT SMMT-Sustainability-Report-2025.pdf
Membership of board/executive committee	**Olivier Reppert** (CEO Mercedes-Benz UK Limited)
Positions on climate-related policies	**Paris Agreement:** "We support the goal of the Paris Agreement to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. We also support the UK's legally binding target, set out in the Climate Change Act, to reduce UK carbon emissions by at least 100% by 2050, against a 1990 baseline." SMMT-Sustainability-Report-2025.pdf **Carbon neutrality:** "Of course, delivering net zero requires more than just reducing emissions from vehicles. It is also about manufacturing more efficiently, and sourcing energy from renewables instead of fossil fuels." SMMT - Leading Net Zero Emissions

Positions on climate-related policies

Transformation:

"The entire industry is committed to decarbonizing 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

"The automotive industry has invested billions of pounds in its zero-emission future, developing, improving and bringing to market the technologies and products that will underpin the UK's wider net zero ambitions. There is no going back on this commitment."

SMMT-Sustainability-Report-2025.pdf

Renewable energy:

"Renewable energy generation and supply are a critical part of automotive manufacturers' journeys towards net zero. In 2024, vehicle manufacturers and their suppliers generated 60.3 GWh of renewable energy generation."

SMMT-Sustainability-Report-2025.pdf

Carbon pricing:

No statement available.

GHG and fuel economy fleet regulations:

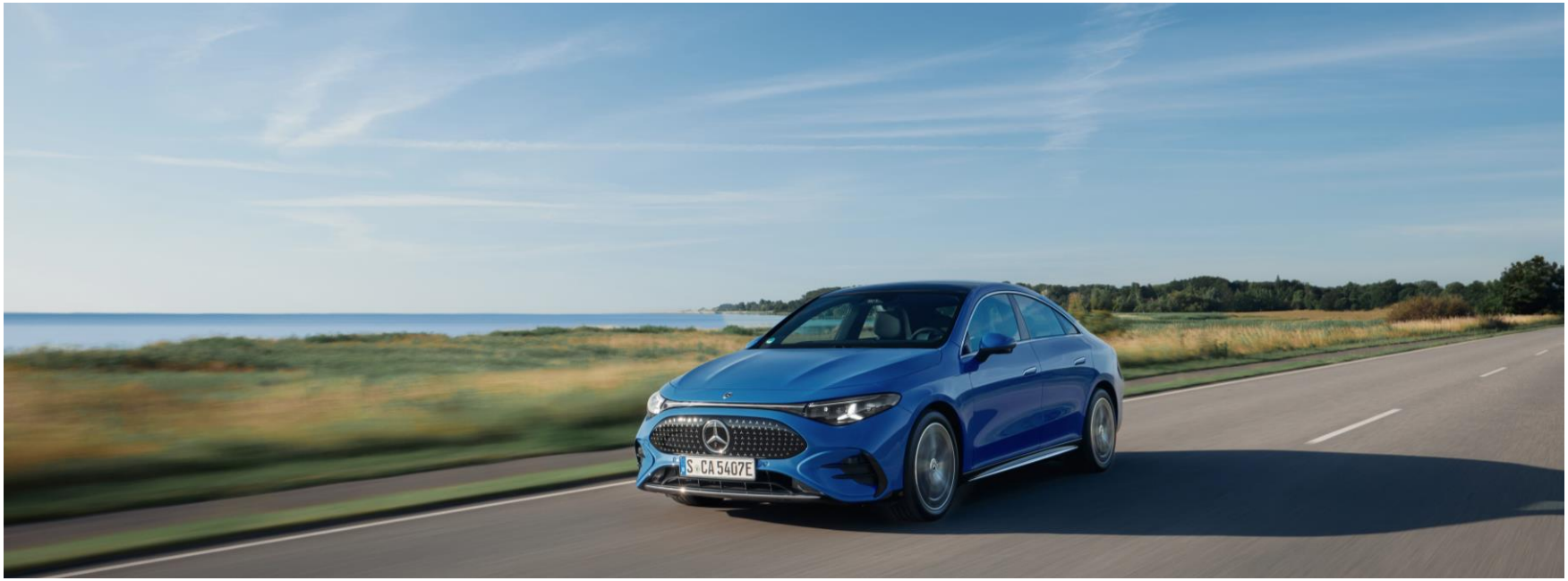
- "There are already more than one million ZEVs on the road, along with 1.8m+ zero emission-capable hybrids – all playing a crucial role in the transition towards net zero mobility.
- The UK is currently Europe's largest major zero emission new car market by volume, and the largest zero emission bus market, with around half of all new single and double-deckers powered by batteries or hydrogen.
- Britain's zero emission vehicle model offering now includes a vast line-up of more than 130 cars, 30 vans and around 30 HGVs – with choice in every segment.

Review of industry associations' positions on climate-related policies

Positions on climate-related policies	• The average new electric car is capable of driving for almost 300 miles, with an increasing number offering 400+ miles on a single charge. • Around one in five new cars and one in 20 new vans sold in Britain are ZEVs. • Average UK new car and van carbon emissions have more than halved since 2000, with all technologies, and increasingly zero emission technologies, playing a critical role." SMMT - Leading Net Zero Emissions
Review results	• The analysis shows that in principle the Mercedes-Benz Group positions have a high congruence with SMMT key positions.
	• Despite manufacturers having pledged billions in the green transformation, Mercedes-Benz Group has to conclude that the transformation will take longer and agrees with the SMMT that the pace is still too slow and the cost to industry too high.
	• With regards to the introduced VETS (Vehicle Emissions Trading Schemes), the Mercedes-Benz Group welcomes SMMT proposal that government bring forward the upcoming 2027 review of the schemes to support industry competitiveness and sustainability engagement for realistic targets within the scheme; the targets must be realistically achievable and fit to the given framework conditions warning that demand for electric cars and vans continues to fall well short of mandate targets.

Additional note on broader memberships

Beyond the key associations assessed in this chapter, Mercedes-Benz Group holds memberships in a wide range of additional organizations worldwide. These memberships reflect the Group's global footprint and broad engagement across diverse policy fields. In many of these forums, however, Mercedes-Benz Group is not primarily involved in climate-related policy work, nor are these platforms central to the Group's climate advocacy activities. Mercedes-Benz Group acknowledges that certain organizations may adopt positions that do not fully align with the Group's own climate-related perspectives. In such cases, these positions are not considered representative of Mercedes-Benz Group. The Group continues to maintain its own stance, consistently guided by its strategic objectives and climate commitments, while engaging constructively and transparently within the respective forums.



Mercedes-Benz Group sustainability governance

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

Management approach

Expertise of the Board of Management and the Supervisory Board to oversee sustainability matters

The Board of Management and the Supervisory Board determine whether and what kind of sustainability-related expertise is present among the members by taking into account the experience gained in their respective mandates, their CVs and by self-disclosures.

Governance

The Supervisory Board of Mercedes-Benz Group has anchored the cross-divisional coordination function for sustainability management (Sustainability Coordinator) within the Board of Management's 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 the Sustainability Coordinator. The GSC coordinates sustainability issues in line with the targets, metrics and actions decided by the Board of Management across divisions, departments and regions. Members include the member of the Board of Management appointed as Chief Technology Officer and also for Development and Procurement, the Chief Compliance Officer, who also holds the role of the Group's Human Rights Officer, the Chief Environmental and Energy Officer, the Head of Procurement and Supplier Management, the Head of External Affairs and representatives of other relevant functional areas and all divisions.

The GSC informs the Board of Management and the Supervisory Board of Mercedes-Benz Group at least annually on current sustainability topics of strategic relevance. This also includes material impacts, risks and opportunities. Furthermore, the development of the strategic sustainability focus areas and the associated targets, actions and key figures are addressed. The members of the GSC are responsible for the implementation of sustainability topics within their respective divisions or functional areas.

The **Sustainability Competence Office (SCO)** is composed of sustainability experts and is anchored in the division Integrity, Governance & Sustainability. In the **Sustainability Coordination Meeting (SCM)**, the SCO enters into dialogue with representatives from all relevant executive divisions and specialist areas. The SCM convenes several times a quarter under the leadership of the SCO. The SCO 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 sustainability criteria in the Group's governance and core processes, as well as sustainability-related requirements from the Board of Management or the GSC.

The **Advisory Board for Integrity and Sustainability** serves as another important source of impetus for the Group's sustainability efforts. Its members are independent 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. In addition, an exchange with the members of the Supervisory Board and the Board of Management takes place.

The **Supervisory Board's** monitoring and advising of the Board of Management also include sustainability issues. The Board of Management regularly informs the Supervisory Board 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.

Alignment of positions

The External Affairs division is the central coordination hub for responsible political advocacy within the Mercedes-Benz Group. Based in Stuttgart, the division reports directly to the Chairman of the Board of Management. Through a global network of offices in Berlin, Brussels, Beijing and Washington, as well as representatives in key markets, the Mercedes-Benz Group maintains ongoing dialogue with government representatives, policymakers and authorities worldwide.

The division ensures that all political positions are aligned with the Mercedes-Benz Group's sustainable business strategy and corporate guidelines. Its objective is to provide consistently coordinated content for Group-wide political representation and to engage stakeholders in a structured and aligned manner. The Head of External Affairs is a permanent member of the Group Sustainability Committee (GSC) and supports the Committee's work on political matters. External Affairs also works closely with the Board of Management and specialist units on issues related to political advocacy. To this end, the division coordinates meetings of the Governmental Affairs Committee for various executive departments and specialist functions, convening several times a year as well as on an ad-hoc basis.

Strengthening credibility through transparency in advocacy

The Mercedes-Benz Group is committed to transparent political advocacy and positions itself as a reliable advisor to political decision makers. Through its legally mandated registration in the German Lobby Register (registration number: R 002034), Mercedes-Benz Group AG is required to comply with the Code of Conduct for Lobbying under the Lobby Register Act in addition to adhering to its own lobbying principles.

The Company is also listed in the Transparency Register of the Baden-Württemberg State Parliament.
Furthermore, the Mercedes-Benz Group is registered in the EU Transparency Register (registration number: 234921882841) and has enhanced its transparency efforts by accrediting its political representatives. This enables the Group to provide parliamentary groups with clear information on the issues it addresses, as well as on the resources and individuals involved in its advocacy activities.

The Mercedes-Benz Group also uses the “Mercedes-Benz Group Climate Policy Report” to communicate its climate policy related positions. In doing so, it provides political decision makers and dialogue partners with insights into the potential impacts of policy decisions on the automotive industry, the Group’s products and services, its sites and its workforce. This requires clear and accessible positions on all relevant topics.

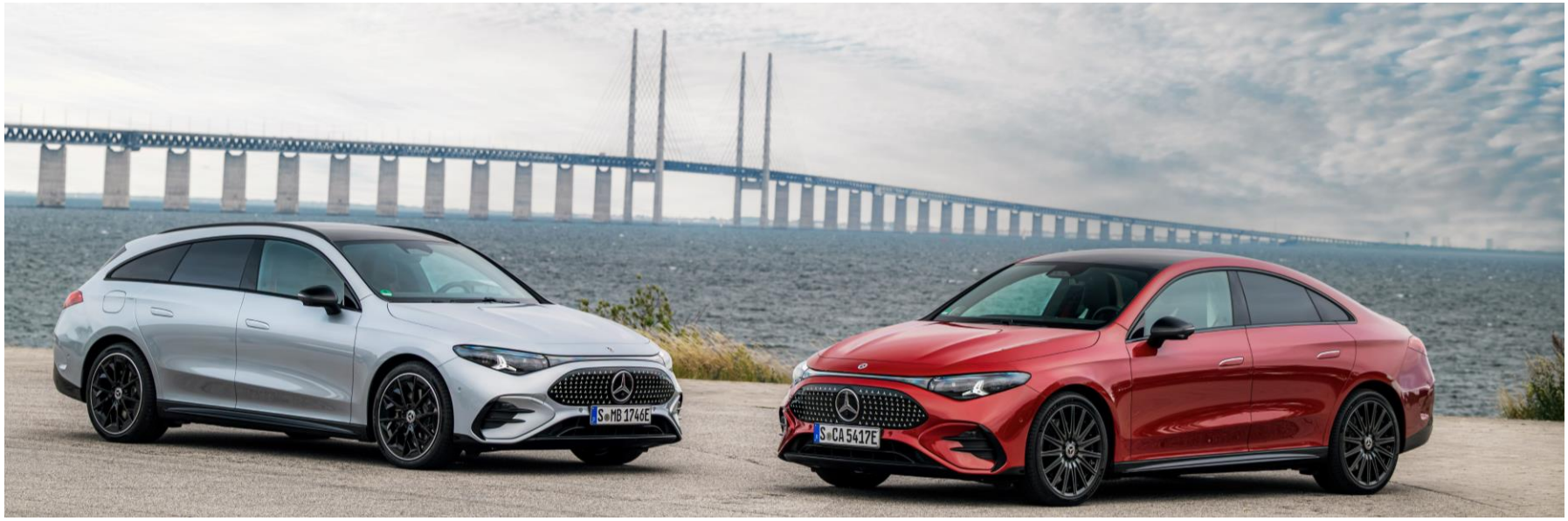
Mercedes-Benz: How to be a responsible advocate for corporate interests

Lobbyregister German Bundestag (Registereintrag "Mercedes-Benz Group AG" - Lobbyregister beim Deutschen Bundestag)

Transparenzregister | Landtag Baden-Württemberg

Transparency Register (europa.eu)

Mercedes-Benz Group Annual Report 2025



Strategic Media Engagement: Making our environmental positions transparent for the public

Mercedes-Benz Group is actively committed to transparently communicating its climate-related positions and ambitions. To reinforce this transparency, the company maintains a lively exchange with media representatives. In 2025, journalists from national and international media outlets were regularly invited to interviews, background discussions, and events to inform them about the company's stances on environmental and transformation topics, particularly regarding environmental regulations in the automotive sector. Furthermore, the Mercedes-Benz Group also makes its position on environmental issues publicly accessible via its website and social media channels.

In 2025, the launch of the new CLA marked an important milestone for our sustainability ambitions. Media outlets around the world covered the World Premiere in Rome as well as the Start of Production in our Rastatt plant, which is powered 100 percent by green electricity.

Additionally, the CONCEPT AMG GT XX broke the record for the longest distance ever driven by an electric vehicle in 24 hours, covering 5,479 km, which once again underlined our ambitious commitment when it comes to net carbon-neutral mobility[1].

At the end of the year, Mercedes-Benz Group unveiled its new pioneering technology program Tomorrow XX, which focuses on decarbonization, resource use and circularity from the very start of the design phase to the very end of a vehicle's life. The aim is to maximize the benefits of the company's Design for Environment and Design for Circularity principles regardless of model line or drivetrain.

Exemplary Media measures:

(1) Press Information on Tomorrow XX:

Tomorrow XX: Mercedes-Benz unveils a new dimension of sustainability | Mercedes-Benz Media

(2) Press Information on Sustainability Commitment:

Mercedes-Benz reaffirms its commitment to sustainability and puts ambitions on the road with the all-new CLA | Mercedes-Benz Media

(3) Position papers on Climate Protection:

Advocacy Mercedes-Benz: Climate Protection | Mercedes-Benz Group > Sustainability > Society & Governance > Advocacy

(4) LinkedIn Post Ola Källenius on the CONCEPT AMG GT XX record drive:

LinkedIn: What does it take to drive "around the world in eight days"?

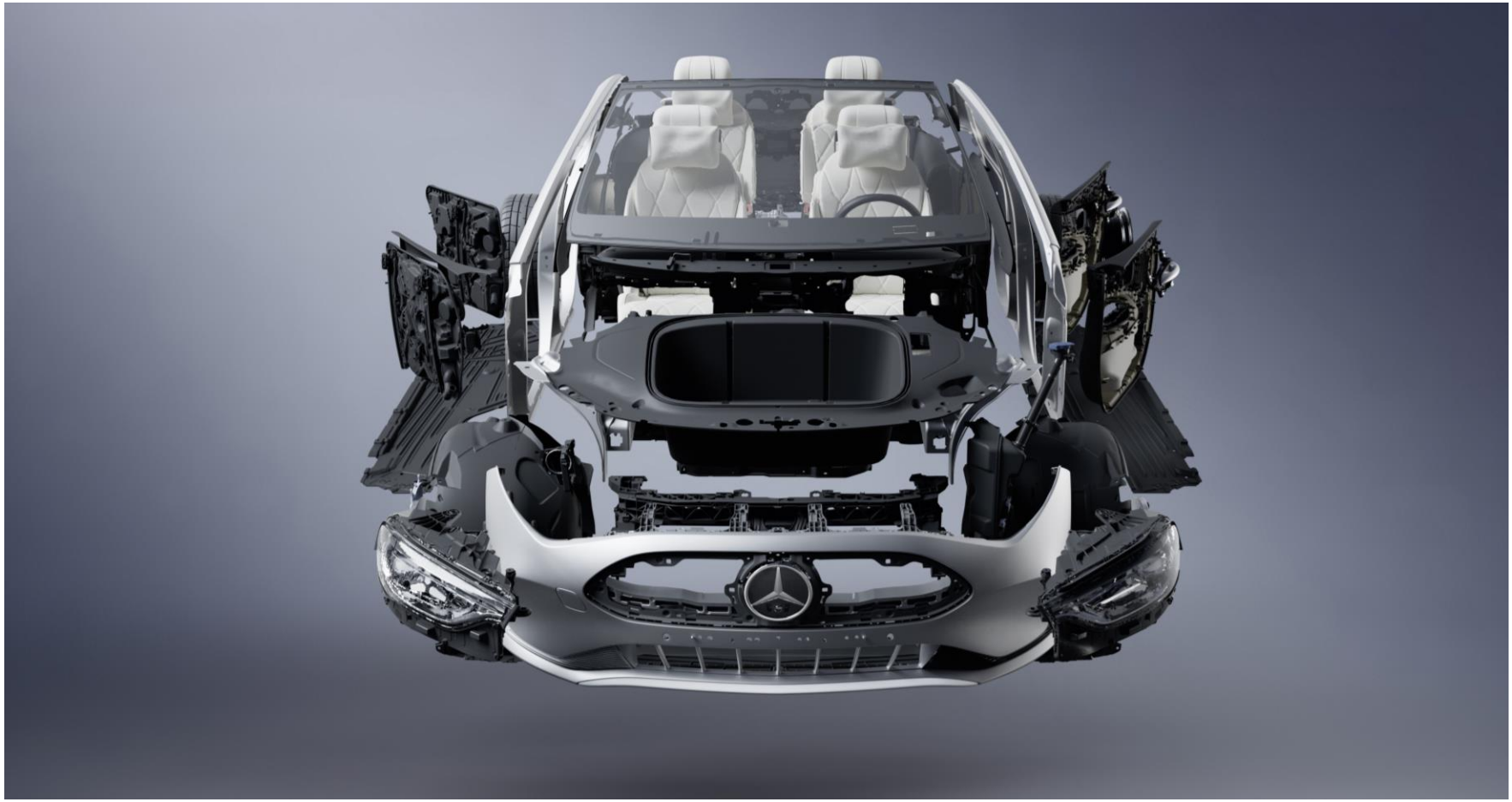
[1] Net carbon-neutral means that carbon emissions that have neither been avoided or reduced at the Mercedes-Benz Group are compensated for by certified offsetting projects.

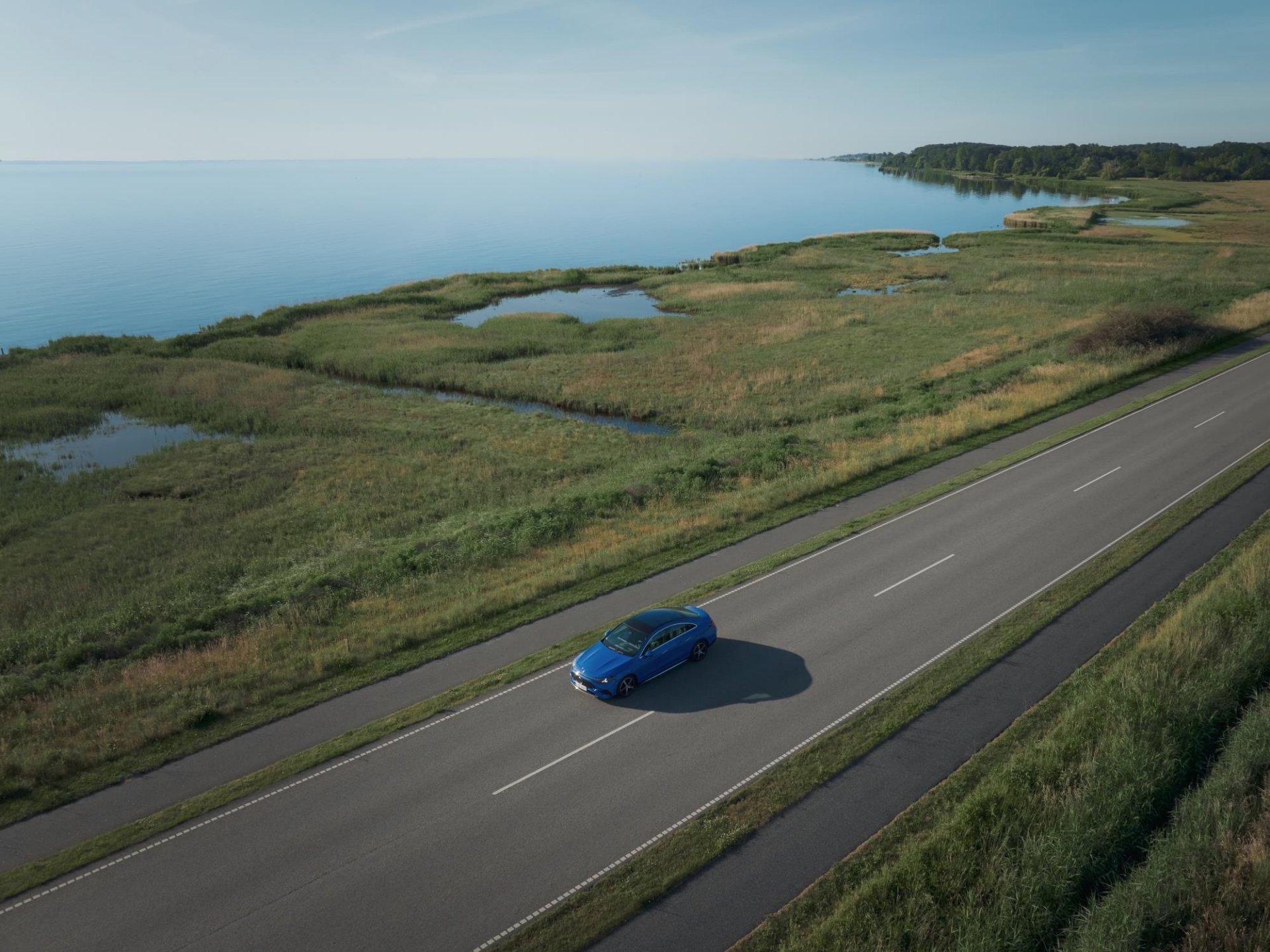
(5) LinkedIn Post Renata Jungo Brüngger on the Mercedes-Benz Sustainability Dialogue:

LinkedIn: Sustainability Dialogue

(6) LinkedIn Post Mercedes-Benz AG on low-carbon aluminum:

LinkedIn: Low-carbon aluminium





Forward-looking statements:
This document contains forward-looking statements that reflect current views of the Mercedes-Benz Group 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, material examples of which include (1) an adverse development of global economic conditions, in particular a negative change in market conditions in the most important markets e.g. a shift in consumer preferences towards smaller, lower-margin vehicles; a limited demand for all-electric vehicles; a possible lack of acceptance of products or services which limits the ability to achieve prices and adequately utilize production capacities; a decline in resale prices of used vehicles; (2) the business outlook for companies in which the Mercedes-Benz Group holds a significant equity interest; (3) the successful implementation of strategic cooperations and joint ventures; (4) a deterioration of refinancing possibilities on the credit and financial markets; (5) the effective implementation of cost-reduction and efficiency -optimization measures; and (6) 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 or in the current Interim Report. Further examples for such risks include events of force majeure including natural disasters, pandemics, acts of terrorism, cyber-attacks, political unrest, armed or other conflicts, industrial accidents and their effects on 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 the communication regarding sustainability topics (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. If any of these risks and uncertainties materializes 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. The Mercedes-Benz Group does 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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