



Mercedes-Benz Group's Just Transition Approach

Mercedes-Benz Group



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The Mercedes-Benz Group wants to create sustainable value – economically, ecologically and socially. This is one of the central guiding principles. It applies not only to the Group's own products and production sites, but also encompasses the Group's upstream and downstream value chain. The Mercedes-Benz Group translates this approach into its sustainable business strategy and thus anchors its sustainability issues at the centre of its daily business.

The aim is to live up to our own ambition and fulfil expectations and requirements of stakeholders, which are for example: customers, employees, investors, business partners, non-governmental organisations (NGOs) and society as a whole.

The Mercedes-Benz Group supports the Paris Climate Agreement and is convinced of its goals. One of the most important goals of the Mercedes-Benz Group is decarbonisation. The Group has firmly established this topic in its Ambition 2039 as part of its sustainable business strategy.

The decarbonisation of the Mercedes-Benz Group's business model leads to profound transformations; not only in terms of technology and products, but also in terms of people working at the Mercedes-Benz Group worldwide or along its complex value chains. The Mercedes-Benz Group is therefore shaping a just transition focusing on the two strategic fields of action "People" and "Human Rights", but also on its responsible policy and community engagement.

This is in line with Mercedes-Benz Group's support of the Paris Climate Agreement and its objectives.

In the following sections, the four pillars of the Mercedes-Benz Group approach to shape a just transition are briefly described. Further information can be found at the end of each section.

The “People Plan” of Mercedes-Benz

As a result of electrification, digitisation, and the increasing use of powerful artificial intelligence (AI) systems the job profiles of employees are changing. Work processes and structures are changing just as fundamentally as tasks and cooperation within the Mercedes-Benz Group.

The aim of the Mercedes-Benz Group is to manage the upcoming changes for the 166,000 employees¹ worldwide in a responsible, socially compatible and future-oriented manner. The prerequisite for a successful transformation is the ability to adapt to a changed environment.

In 2021 the Mercedes-Benz Group revised its Human Relations (HR) strategy in the spirit of responsible and socially acceptable transformation. The HR unit is shaping the personnel transformation of the Mercedes-Benz Group by supporting and guiding employees through the transformation. The strategy is based on the following three pillars: Re-Shape, Re-Skill, Re-Charge.

- “Re-Shape” supports the future-oriented positioning of the Group with regard to electromobility and digitisation.
- The aim of “Re-Skill” is to ensure that employees are equipped with the necessary know-how for future activities and tasks.
- With “Re-Charge”, the Mercedes-Benz Group is pursuing the goal of retaining trained specialists in the Group through attractive, modern and flexible working conditions and an inclusive, trusting corporate culture, and drawing new talent as an attractive employer.

Sustainability, integrity and diversity as a foundation as well as the “People Principles” complement the HR strategy and are intended to provide support and guidance for day-to-day activities.

As part of the sustainable people plan, the Mercedes-Benz Group continuously invests in the qualification of its employees, is constantly expanding its range of further trainings and at the same time recruits new talent with the appropriate skill profiles.

One focus of HR work at the Mercedes-Benz Group is to win over, motivate and empower employees for transformational change. In 2022, in the Powertrain network the “TransformatiON” initiative was launched, for example.

¹ As of: 31.12.2023, active workforce (employees without holiday workers, thesis writers, interns, working students, PhD students, senior experts and trainees) of Mercedes-Benz Group.

With this initiative, the Group wants to explore new communication channels in order to better inform, involve and support employees in times of change.

Together with the management, key challenges for the workforce during the transformation are identified and solutions are then developed. In doing so, “TransformatiON” focuses increasingly on information, interaction, dialogue and feedback as central building blocks, including digital products (e.g. the “TransformatiON Mercedes-Benz” app) for employees in the production environment.

In the reporting year, an additional focus was placed on supporting and assisting affected managers. In addition to courage, commitment and a willingness to change, shaping the transformation successfully also requires security.

For this reason, in 2017, job security was agreed for the employees of Mercedes-Benz Group AG, Mercedes-Benz AG and Mercedes-Benz Intellectual Property GmbH & Co. KG until the end of 2029. This works agreement generally excludes business-related layoffs until 31 December 2029.

Further information can be found here:

[People](#) (Sustainability Report 2023)

[Mercedes-Benz Team](#)

[Mercedes-Benz Digital Factory Campus Berlin](#)

[Mercedes-Benz eCampus Untertürkheim](#)

Respecting human rights along the supply chain

The goal of the Mercedes-Benz Group is to combine commercial success with responsible action towards the environment, people and society – and to do so along the entire value chain. Respect for human rights is therefore a fundamental component of responsible corporate governance for the Group and a key area of action for sustainability. The goal is to manufacture products without any human rights violations.

Especially with the expansion of electromobility, there is even more focus on respect for human rights in automotive supply chains. This is because the production of battery cells requires raw materials such as lithium or cobalt. These raw materials often come from countries where there is a risk that they are mined under conditions that could be critical from a human rights perspective.

The Mercedes-Benz Group aims to respect human rights in all Group companies and also by its partners along the value chain, particularly suppliers. The [Declaration of Principles of Social Responsibility and Human Rights](#) is an expression of this commitment.

With the [Human Rights Respect System](#) (HRRS), the Mercedes-Benz Group has developed an approach for implementing human rights due diligence.

The Group has defined its guidelines for sustainable supply chain management in the “[Responsible Sourcing Standards](#)” (RSS). They define minimum requirements and expectations for direct suppliers (Tier 1) and contractually oblige them to comply with the requirements, to communicate them to their employees and upstream stages of the value chain, and to monitor compliance with them in their business processes and sphere of influence.

To examine the risks associated with raw materials, the Mercedes-Benz Group first analysed the raw materials present in its vehicles and prioritised them based on various factors. As a result it identified [24 critical raw materials](#). The Group publishes the results of these assessments in its [Mercedes-Benz Raw Materials Report](#).

Further information can be found here:

[Human rights](#) (Sustainability Report 2023)

[Our Commitment to Human Rights](#)

[Principles of Social Responsibility and Human Rights](#)

[Distributing opportunities and risks more fairly](#)

Responsible and transparent representation of interests – Mercedes-Benz policy engagement

The sustainable development of the transport sector and the protection of the climate and natural resources pose many challenges. To overcome these challenges, the partnership between politics, business and society plays an important role for the Mercedes-Benz Group. This is precisely where the work of the Mercedes-Benz Group's External Affairs department comes in.

The Mercedes-Benz Group contributes its expertise to the political representation of interests with the aim of achieving the greatest possible overlap between public and corporate interests and thus being part of the solution.

As a player in the transport sector, the Mercedes-Benz Group supports the Paris Climate Agreement and is convinced of its objectives. The sustainable business strategy of the Mercedes-Benz Group therefore also determines the political representation of the Group's interests.

As part of its responsible political representation of interests, the Mercedes-Benz Group seeks dialogue with representatives of governments, politicians and authorities as well as other representatives who represent public interests at its locations around the world. In addition, it engages in dialogue with other interest groups, including politically or socially engaged groups, opinion leaders, experts, citizens, representatives of the business community and non-governmental organisations (NGOs). Together with stakeholders, the Mercedes-Benz Group supports the opinion-forming process at both national and international level in order to advance sustainable business goals and the transformation of the automotive industry.

The Mercedes-Benz Group aligns its political advocacy with the principles of transparency and responsibility. The Mercedes-Benz Group is convinced that the public has a right to be informed about the processes of political influence and lobbying activities. And that transparently positioned companies are more successful than others in the medium and long term.

Through accreditation in the publicly accessible lobby registers of parliaments, the Mercedes-Benz Group has created additional transparency. In this way, it can inform parliamentary groups transparently about its issues as well as about the resources and actors involved in the representation of interests.

In addition, the Mercedes-Benz Group uses its own "Mercedes-Benz Group Climate Policy Report" to provide information on its positions. Furthermore, the Group publishes information regarding its stance on relevant, strategic and stakeholder issues on the Group website. Here, too, it adheres to the principles of transparent representation of interests.

Further information can be found here:

[Partnerships and political commitment](#) (Sustainability Report 2023)

[Climate Policy Report](#)

[Advocacy at Mercedes-Benz](#)

Community engagement for a just transition to electromobility

The Group together with its employees is committed to being an engaged corporate citizen in shaping a sustainable future and empowered society.

In line with its sustainable business strategy, the Mercedes-Benz Group supports corporate citizenship projects and activities that go beyond core business activities as part of its social commitment. This can be in the context of supporting ecological sustainability, or community empowerment.

In the context of a just transformation to electromobility, the focus has moved particularly to the battery value chain, including the extraction of the corresponding raw materials. Mercedes-Benz AG addresses challenges associated with battery raw material extraction among others by supporting social projects in the supply chain with a focus on preventing child labour and other severe human rights risks by tackling some of its root causes (e.g. extreme poverty, lack of community protection system, limited alternative livelihood opportunities, etc.).

For this purpose, the company cooperates with two non-governmental organisations (NGOs): firstly with Bon Pasteur in the Democratic Republic of Congo – focussing on the [cobalt](#) mining region – and second with Terre des Hommes in India. The focus there is on the [Mica](#) mines in Jharkhand.

The aim of both cooperations is to support the people of the local mining communities with alternative income opportunities – for example in (sustainable) agriculture. The projects focus on creating educational opportunities and improved learning conditions. For example, community members are informed about their rights and, in particular, the rights of children. This is intended to strengthen respect for human rights in the local population as a whole. Furthermore, Terre des Hommes supports local institutions and cooperates with the media in order to create awareness of child labour on a political level.

The Mercedes-Benz Group also systematically involves potentially affected stakeholders in the review of the 24 raw materials identified as critical in order to identify human rights and environmental risks and implement suitable measures (e.g. [Responsible Lithium Partnership](#)). Regional and local NGOs are an important interest group in this respect, as they often provide a more accurate picture of the situation on the ground and know the concerns of the potentially affected parties. On-site visits serve to establish contact with potentially affected persons and involve them in formulating suitable measures. Mercedes-Benz AG also favours the greater involvement of potentially affected parties, such as the local population, in audits using standard systems.

Further information can be found here:

[Corporate citizenship](#) (Sustainability Report 2023)

[Strengthening of human rights, prevention of child labour](#) (Sustainability Report 2023)

[Human Rights -stakeholder involvement](#) (Sustainability Report 2023)

[Because our responsibility doesn't end at the factory gate \(Corporate Citizenship\)](#)

