![Mercedes-Benz Sustainability Dialogue]

Results of the Working Group Sessions

October 2022

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Working Group Environment: summary & next steps

Topic(s)	Details	Next step(s)
Ambition 2039	The Environmental dimension – Strategies on dealing with scarce resources : • How are we positioned and what goals are we tackling (e.g. battery recycling, resource conservation, use of alternative materials, green production & green charging)? • We focused on resource - How we want to expand the usage of renewable sources - at our own locations and for offering our customers a convenient and green charging experience.	CO2 footprint product well known, transparency regarding main levers given. Levers are the conversion of our supply chain, e.g. to green aluminum, battery technology and the use of renewable energy.
Usage of renewable sources - for our own production	By 2030, it is planned to cover more than 70 percent of the energy demand in production from renewable energy sources - 15 percent is to be generated by renewable energy at the company's own locations. We discussed how do we want to achieve this and what are the challenges. We have made our strategies for expanding solar and wind power transparent and discussed what we can do to secure the green energy supply for our own locations.	Further expansion of additional renewable assets (PV & wind; on-site & off-site) and scale up of decarbonization projects for the heat supply.
Usage of renewable sources - for offering our customers a convenient and green charging experience	In the life cycle of an electric vehicle, power from renewable energy sources is a significant factor in the effort to avoid CO2 emissions. Based on the current EU electricity mix, around 50 per cent of a battery electric vehicle's CO2 footprint is generate during the use phase and is therefore due to its being charge with electricity whose generation has resulted in the emission of CO2. We showed our strategy of green charging and how to increase the electricity from renewable energy sources in the grid specific for charging purposes by using Energy Attribute Certificates with additionally and the EKOenergy label. . Furthermore, we discussed the future of bi-directional charging and storage possibilities.	Further expansion of the charging infrastructure, options for stationary storage and further roll out of market for green charging with Mercedes me Charge.

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Working Group Data Responsibility: summary & next steps

Topic(s)

Transparency and Choice

Data for the greater good

Privacy Enhancing Technologies

Details

- Showing of concrete examples regarding the three topics was appreciated.

- The further developed **Privacy Center**, soon globally available via Mercedes me-App, was presented and **recognized positively**.
- Transparency was recognized as a **competitive factor**.
- A more **innovative approach** towards transparency was requested (beyond mere compliance with legal requirements) i.e. **intuitive information** that is limited to what the customer really wants to know in the specific situation in order to „take customers on a journey towards data".
- The **level of detail** that should be provided to the customer (beyond legal requirements) was discussed with the result that any **information that explains the added value of the data use** to the customer in a comprehensible way is preferable.
- **Privacy Enhancing Technologies were seen as „key"** to enable data usage.
- **Investment in Privacy Enhancing Technologies** was seen as beneficial.
- Responsible data use has to be implemented **by Design**.

Addressing these areas of action and driving them forward in order to enhance customer' trust was endorsed by the participants.

Next step(s)

- Further development of Privacy Center
- Considerations for an even simpler and clearer design of the privacy settings and possible other means of providing transparency to the customers.

- Further developments of data-sharing solutions for the greater good.

- Further development of Privacy Enhancing Technologies "as a toolbox" and their implementation by Design.

- Further focus on enhancement of customer' trust.

Working Group Partnerships: summary & next steps

Topic(s)

- What are the attributes of a good Partnership?

- How can Mercedes make an impact?

Details

- Impulses from experts on establishing networks to achieve the sustainability goals

- In-depth discussion on reoccurring criteria for effective partnerships:
  - Attractive purpose
  - Clear target
  - Defined Scope
  - Find suitable group size
  - Systemic approach
  - Inclusive (private, government, NGOs)
  - Finding like-minded partners
  - Build trust / be reliable
  - Cross sectoral
  - Knowledge sharing / Open source
  - Measuring success / show evidence
  - Develop method to manage partnerships
  - Allow local approach
  - Guarantee continuity
  - Make activities scalable
  - End partnership if target is completed or not successful

Next step(s)

- Set up a global project with involved functions (Investor Relations, ESG Reporting, Stakeholder Management, Environmental protection, Corporate Social Responsibility, Strategy, Communication) to develop targets:

  1. Sharpen our understanding of partnerships for sustainability goals

  2. Develop evaluation matrix for decision on existing and new partnerships based on criteria for effective partnerships

  3. Establish a collaboration mechanism to monitor partnerships and measure the impact

- Reflect results with experts from working group

- Alignment with corporate strategy for overall target picture regarding engagement

- Present results at Group Sustainability Board

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Working Group Sustainable Urban Mobility: summary & next steps (1/2)

Topic(s)	Details	Next step(s)
BEYOND EVs	• Electrification is not the solution to every mobility related problem in cities • Cities want to give the streets back to citizens • Cars need to be adapted to city traffic and have to be connected to the city	• Further efforts to create added value through MB cars in cities through data and V2X solutions • Direct contact to cities to find ways to cooperate
URBAN ROAD SAFETY	• Road safety is not just a statistic. It's about people's lives, about how comfortable you feel when you see your kids playing outside on the street • Don't limit efforts to cities - tackle the problem at scale • Collaboration is key to release the full power. Cities are cautious when using new technology, especially when "it is not built here". There needs to be a level of trust between public & private bodies and that takes time	• Scale knowledge and experience: exchange on best practices and existing approaches • Work on how data insights can be communicated back to the driver to improve his/her driving, or how to use connected vehicle tech to inform vehicles to make way for emergency vehicles

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Working Group Sustainable Urban Mobility: summary & next steps (2/2)

Topic(s)	Details	Next step(s)
URBAN LOGISTICS	• Car bans & replacing delivery vehicles with cargo bikes won't change the problem of space consumption • Cars bans are often preferred to developing real solutions • Solutions are required for flexible space allocation and a strategy for the whole curb space, across all functions • Relevance of data to identify how to best organize the curb space and make logistics transports plannable & trackable • Additionally required for sustainable logistics: technological solutions in the vehicles like fine dust filters, safety technology and nudging of driver behavior	• Identify how to use vehicle data to develop data models and derive usage patterns for the curb space • Identify collaboration possibilities within stakeholder community and learn from existing experiences • Identify additionally required partners

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Working Group Traffic Safety: summary & next steps

Topic

Traffic safety research center of the future - requirements and challenges / role of the industry

Details

In the future, a traffic safety research center will look at new aspects such as automated driving, different traffic concepts, new road users and the increased availability of data relating to accidents, but also increasingly to "normal traffic".

A Future road safety research should meet the following requirements:
Collection and processing of data on accidents but also on normal traffic situations (including near misses)
Scientific independence and provider of services for industry, infrastructure, start-ups and regulators.
Input provider for fact-based backgrounds for politics, associations, city planners and industry
Consideration of regional and international aspects
Interdisciplinary orientation including human-machine interface and social issues regarding the acceptance of new technologies

Next step(s)

- Translate the key findings into GIDAS 4.0 and into the Tech Center i-protect cooperation platform
- Further consideration of the topic in an international context (e.g. SAFE ROADS initiative)

Working Group Human Rights: summary & next steps

Topic(s)

Breakout Session
"Grievance Mechanism: set up and effectiveness"

Details

- The breakout session on our whistleblower system delivered several takeaways which can be mainly clustered under two themes: (i) Measures to increase awareness and build trust in the whistleblower system and (ii) further lowering of access-barriers for all potential whistleblowers, e.g. by considering innovative communication channels or further local language contact points.
- Key takeaways, among others, included:
  - Focus language and design more on those stakeholders potentially affected, using clear and concrete definitions and descriptions.
  - Further reduce barriers to the use of the whistleblower system.
  - Evaluate further means of obtaining feedback regarding the whistleblower system from internal and external stakeholders.

Next step(s)

- Encourage further use of whistleblower system by avoiding misunderstandings or misinterpretations for users through simplified and clear language and designs.
- Evolve to a "victim-centered" approach.
- Further increase opportunities for access by defining targeted (e.g. regional, stakeholder-specific) measures to raise awareness of whistleblower system.

Breakout Session
"Human Rights Due Diligence (HRDD) in raw material supply chains – Mercedes-Benz Group's approach"

- Key Takeaways of the discussion included:
  - Engagement with potentially affected stakeholders, e.g. local communities, is key for meaningful HRDD in supply chains.
  - OEMs, suppliers, standard organisations and other stakeholders should collaborate to implement HRDD "beyond auditing and certification", in particular by engaging with potentially affected stakeholders.
  - Engagement with suppliers to enable them to implement human rights standards and HRDD, is important for not just "cascading compliance".

- Further strengthen engagement with potentially affected stakeholders in raw material supply chains.
- Support collaborations for engagement with potentially affected stakeholders, e.g. in the framework of audits.
- Exchange with suppliers on Responsible Sourcing Standards (RSS) to identify challenges, needs and opportunities.

Working Group People & Integrity: summary & next steps

Success factors of transformation from People & Integrity perspective

Topic(s)

1.) Input inkl. Q&A :

- People, Integrity & Performance
  Why it needs a pattern change
  (external keynote)
- Transformation ON (internal impulse)

2.) Break-out Sessions:

- Different perspectives on a
  "transformation"
- Perspectives for employees & best
  practices from the groups
- Creating a willingness to change in the
  workforce

Details

The aim of the People & Integrity group was to exchange views on the **success** factors of a transformation, to take **different perspectives** and, above all, to answer the question of how to **create a willingness to change** in the workforce.

- Both speakers see **people and the culture or values in a company as playing a central role.**
- Those affected must be directly involved.
- Values must be defined and, **above all**, **exemplified**
- "People follow people who act with integrity".
- **Old and new cultural elements** should **be reconciled**. This creates **trust.**

Voices from the break-out sessions:

- *"Employees are often much further ahead mentally than you think."* Clear and open communication is important, including *"unfiltered, clear"* messages if necessary. In return, it is important to let employees have their say and **listen to their concerns**.
- **Willingness to change is not black or white**, but **ambivalent** - there are points that are directly understood and supported, but also individual topics that the employees do not understand or that unsettle them. Transparency and open communication are fundamental here.
- There will also be employees who do not want to be taken on the "journey" - *"If you take someone along who does not want to be taken along, then that is kidnapping"* - which means that in such cases alternatives must be pointed out.

A change process with phases of upheaval also requires phases of stability and, above all, time to handle this process.

Next step(s)

- Consideration of the discussion results and findings in the further development of the work streams of HR and Integrity.
- Definition of measures
- Sharing the findings of the working group with representatives of the Integrity Network as well as transformation initiatives (e.g. in the Culture Circle)