



Mercedes-Benz
Sustainability
Dialogue

Mercedes-Benz Sustainability Dialogue 2023

Summary & Next Steps
of the Working Groups



Summary & Next Steps of Working Group Partnerships

Topic(s)	Details	Next step(s)
<p>What we explored based on inputs and discussion:</p> <ul style="list-style-type: none"> • On which level is the partnership taking place? • Is there any real impact from the partnership (no greenwashing)? • Can the activities be transferred to the next level of impact? 	<ol style="list-style-type: none"> 1. How do you select / identify and set up a partnership? <ol style="list-style-type: none"> a) Being asked b) Complementarity c) Matching strategy d) Common ideas / Special ideas e) Fund handling capacity f) Shared expectations g) Identify scope 	<ol style="list-style-type: none"> 1. Review of existing sustainability cooperation and stocktaking: Where do we stand? - Micro / Meso / Macro level? - Desired impact? - Basis of trust - Regularity of communication - Yearly review?
<p>Levels of Impact of Partnerships:</p> <ul style="list-style-type: none"> • Macro: worldwide efforts including law harmonization, common frameworks, exchange, transfer of technology e. g. UN international peatland preservation movement • Meso: multilateral efforts with industry, politics and society e. g. peatland restoration project Baden-Wurttemberg between Government, NGO and Mercedes-Benz • Micro: bilateral efforts, local projects, e. g. peatland project with local farmer 	<ol style="list-style-type: none"> 2. How do you measure and compare the impact within your partnership portfolio (KPIs)? <ol style="list-style-type: none"> a) Revisit / align outcomes to MB Goals b) Project KPI's - soft / hard c) Measurable & Specific KPI's d) Quality parameters for partnership e) Community involvement f) Traceability & Systems 3. How do you cultivate and accelerate your partnership for long lasting success? <ol style="list-style-type: none"> a) Core Business Practice b) Create partners in the value chain c) Form alliances d) Define roles e) Change of perspectives f) Patience & Commitment 	<ol style="list-style-type: none"> 2. How can we scale the partnerships? Different level? - In width? - Thematic expansion? 3. Concept development and transfer of the discussed topics to the upcoming peatland project. Exchange with stakeholders on the topics. 4. Keep in touch with working group members

Summary & Next Steps of Working Group Traffic Safety



Topic(s)

One of the prerequisites for active safety systems and automated driving is accurate environmental and person recognition. Recognition is trained using machine learning techniques with the help of example datasets:

The following questions were discussed in the working group:

1. What do you expect from automation, particularly with regard to traffic safety?
2. What concerns do you have regarding the collection of personal data?
3. Given the expectations on one hand and concerns on the other, what might good societal solutions for the use of this data look like?

Details

1. Positive effects on traffic:
 - a) Fewer accidents due to fewer "human errors"
 - b) Better recognition of vulnerable road users
 - c) Increased compliance with traffic rules
 - d) More efficient mobility - less stress and traffic jams
 - e) Increased participation of disadvantaged societal groups
 - f) cities with a higher quality of life
2. Concerns about data collection:
 - a) Unclear use of data and deletion periods
 - b) Misuse of data (e.g. social scoring)
 - c) Cyber risks posed by automated vehicles
 - d) Insufficient options for objection
 - e) Lack of representation of certain groups of people
3. Mentioned aspects as part of Solution:
 - a) Transparency regarding the use and communication of added value
 - b) Providing central contact persons for information on the use of personal data
 - c) Use of centralized agency for overarching issues
 - d) Agreement at a higher level (politics) on the use of data for societal added value
 - e) Activities to understand data usage as an opportunity and to build trust in the involved actors

Next step(s)

- Continuing the dialogue and transparent communication about the opportunities of using personal data to increase traffic safety
- Involvement of political actors to jointly advance the use of personal data in dialogue and to leverage the potential for our society.
- Continuing the discussion in other regions to account for differences of frameworks and perceptions.

Summary & Next Steps of Working Group Sustainable Urban Mobility

Topic(s)

Digital vehicle functions have the potential to support sustainable urban mobility goals, such as: reducing traffic & congestion, increasing road safety, optimizing the use of public space, or accelerating the transition to electric mobility.

The working group focused on identifying the most relevant (future) digital car functions, that could positively contribute to these areas of action.

Details

Digital parking management solutions were identified as one means to reduce traffic, e.g. by providing information on free parking spots to the driver or by enabling dynamic pricing. To reduce emissions and to incentivize smaller/lighter vehicle types, cities are increasingly discussing parking fees based on vehicle characteristics (e.g. emissions, size, weight). These new pricing schemes will have to be integrated into future digital parking tools.

Especially for vans, **dynamic curbside management solutions** to book and pay for curb space were discussed as a means to reduce traffic jams. These solutions would be most effective if introduced in combination with limitations for vehicles that are not using such tools to book their curb space.

Multimodal routing suggestions (e.g. park & ride) in the cars' navigation systems could incentivize a mode change towards shared or public transport.

Data based insights into charging behavior and demands could support cities in planning charging infrastructure based on actual demands. Beyond that, bi-directional charging and smart charging technology to assess the state of the grid and identify the best time for charging (e.g. in order to avoid peak periods) would be valuable to cities

In line with EU legislation, the installation of **(interfaces for) breath alcohol ignition interlock devices** was discussed as a measure to increase road safety.

Next step(s)

Further investigate the feasibility of implementing selected features as Proof of Concepts.

Summary & Next Steps of Working Group Data Responsibility

Topic(s)

Details

Next step(s)



Data Responsibility and AI

- It is recognized that the focus on customer's trust is an essential foundation for data responsibility and that the consistent further development of the Mercedes-Benz Data Vision reflects this understanding accordingly.
- The intuitive/layered approach Mercedes-Benz is following to create transparency towards the customer was appreciated. For further development, the even stronger visualization (e.g. via icons) should be considered and fostered.

- Foster intuitive and targeted information of the customer on all customer touch points (app, website, car).
- Further consideration of responsible use of AI as crucial pillar within Data Responsibility.



Data for the greater good

- A company's reputation and honesty in communication are important decision-making factors that build trust. This also includes e.g. honestly informing about the limitations of AI.
- As data is an integral part of any AI, the group appreciates that the scope of Data Responsibility will be broadened to include AI accordingly.

- Create awareness on existing PET solutions to enable their implementation by design, foster continuous development of PET to enhance toolbox and making the use of PET solutions transparent to customers as a trust-building measure.



Privacy Enhancing Technologies

- Trust in a product can only be achieved through Privacy/Security/Ethics/Responsibility by Design. Privacy Enhancing Technologies (PET) are particularly valuable for fostering this trust. Interdisciplinary collaboration is essential for this design task.
- The digital economy and society depend on the responsible access to and use of data. Privacy Enhancing Technologies are a key enabler for the use of data while limiting the risks inherent to their use.
- It was emphasized that the provision of the tools for anonymization, confidential computing etc. as a toolbox is important. Their value as a trust-building factor in data analysis and data sharing for greater good was particularly appreciated, highlighted and seen as great opportunity.

Summary & Next Steps of Working Group People

Topic(s)	Details	Next step(s)
<ul style="list-style-type: none">External Input incl. Q&A: Title: “Employer attractiveness and social inequality”Group discussion: Different perspectives on the topic: “Controversy between employer attractiveness and the idea of profitability of a company”	<p>Key take away:</p> <ul style="list-style-type: none">Germany is dependent on the immigration of skilled workers from third countries. On the one hand, appropriate conditions must be created on the part of politicians (reducing bureaucracy), on the other hand, companies must offer appropriate framework conditions.Employers are increasingly challenged to meet the diverse and increasing needs (wide range of needs) of the workforce/applicants, not only for "Gen Z". Demands change depending on the stage of life."Not everything that makes you attractive costs money." Measures to increase employer attractiveness do not have to cost money → e.g. purpose, responsiveness, empathy, good communication, leadership cultureSocial recognition is playing an increasingly important role → "you want to be one of the good guys"Wishes (e.g. creative freedom, fun, appreciation) are expressed much more today than they were back then, and these should be heard and taken seriouslyStability and security continue to play a major role for employees -as do effectiveness and development opportunitiesChange in the basis of observation: Nowadays, the company has to fit the applicant/employee and not the other way aroundCompanies need to tell a credible story → be genuine. “Walk the Talk”: Don't tell applicants anything that is not lived in the company.	<ul style="list-style-type: none">Consideration of the results of discussions and findings within the HR organization by sharing and discussing inputs and findings of the working group with internal representatives e.g. from employer branding, new work and the HR communication team.

Summary & Next Steps of Working Group Environment

Topic(s)

Details

Next step(s)

Resource conservation strategy

By 2030, Mercedes-Benz aims to increase the share of secondary materials per vehicle to 40%. This goal contributes to decoupling resource consumption from the growth of the vehicle portfolio. At the same time, increasing the share of secondary materials is an essential lever to achieve net carbon neutrality of new vehicles. We discussed measures that are crucial to achieve the targeted increase of secondary materials and which hurdles need to be overcome.

Promote the use of secondary materials, Enhancing design for circularity

Availability of secondary materials

To achieve its resource target, Mercedes-Benz is dependent on the availability of secondary materials on the open market. Currently, the availability of secondary materials is limited. We discussed how to deal with such limitations and in how far there is competition with other users. It was emphasized that, in addition to the use of secondary raw materials, the decarbonization of primary raw materials must also be promoted. Partnerships with suppliers in this regard were presented.

Form further partnerships with suppliers for possible use of secondary raw materials in MB cars, Continue to decarbonize primary production

Deep dive aluminum + deep dive steel

We took a closer look at two of the main materials of the vehicles: Aluminum and steel. Regarding aluminum, it was discussed to what extent different types of scrap can be used for different vehicle parts. Regarding steel, progress in the steel industry and partnerships with suppliers were discussed.

Continue research how secondary materials metals can be used in further vehicle parts, Intensify closed-loop concepts for manufacturing scrap, General: Prevent downcycling of materials

Summary & Next Steps of Working Group Human Rights

Topic(s)	Details	Next step(s)
Breakout Session I	<p>Key Takeaways of the discussion included:</p> <ul style="list-style-type: none"> • Social compliance together with Mercedes-Benz Procurement and representatives of suppliers deep dived into the Mercedes-Benz Responsible Sourcing Standards and their Challenges and Opportunities • Received positive feedback by suppliers on the structure and content of our Responsible Sourcing Standards. Yet, issue of diverse and multiple requirements to be adhered with by suppliers regarding contractual standards, but also audits, self-assessments and questionnaires. 	<ul style="list-style-type: none"> • Jointly work towards more uniformity and more modularity in standards and other approaches, where possible • Jointly work towards sector wide solutions and utilize standards, where possible • Keep up dialogue between Mercedes-Benz and suppliers on collaboration opportunities & build trust • Define further follow-up measures to track compliance with requirements and standards
Breakout Session II	<p>Key Takeaways of the discussion included:</p> <ul style="list-style-type: none"> • Foster strong sustainability standards in the mining sector • Strengthen stakeholder engagement, incl. potentially affected and other stakeholders, e.g. investors • Specific collaborations for measures in particular raw material supply chains, 'ad-hoc' and in Multistakeholder-Initiatives • Necessary strategy building over multiple layers of action – leading to consistent and measurable impacts in raw material supply chains 	<ul style="list-style-type: none"> • Further exchange with suppliers and other stakeholders to communicate Mercedes-Benz' requirements for standards • Further require strong mining standards for raw material supply chains • Further develop theory of change models and impact monitoring for individual raw material supply chains & reflect with external stakeholders

Focus Topic 1: Summary & next steps of Working Group Integrity

Topic(s)	Details	Next step(s)
<p>1.) Input Video with statements by employees</p> <p>2.) Group Work Identifying integrity skills and framework conditions during transformation and uncertainty</p> <p>3) Key questions from the group work:</p> <ul style="list-style-type: none"> • Which skills and competencies of employees do companies need to promote? • What framework conditions need to be created in order to master the challenges of transformation in the best possible way? 	<p>Voices from the group work:</p> <p>Overall Learnings:</p> <ul style="list-style-type: none"> • One finding is, that we need to unlearn old patterns and re-learning how to learn • We discussed about the importance of humility “Knowing that we know nothing and therefore always be curious and ready for change” • We discussed, that Innovation does not come from control and planning. It is important to deal with fear during transformation. The target must be to create maximum fear free spaces for system innovation to happen. • The importance of identifying which company practices lack integrity was underlined <p>Learnings regarding Manager roles:</p> <ul style="list-style-type: none"> • From different perspectives we looked to the role of managers. Transformation needs approachable managers who are also able to translate the current situation to the employees. The importance of emotional intelligence was also emphasized. • One major issue is also external media. Staying critical while analyzing the news and staying in close contact to employees if there are fears or worries. (not only internal perspective), <p>Company/Organizations:</p> <ul style="list-style-type: none"> • A main finding is that a clearly defined strategy is elementary and the break down in objectives using OKR, KPIs is important. • It was also recommended to create community objectives and “formal informal systems” • The Group discussed about the importance to create an incentive for change and co-design. • There was also the idea of recognition of whistleblowers beyond their own company; Inviting known whistleblowers to internal “talks“ can help to get new perspectives. 	<p>Include findings and insights to the development of an Integrity Skill set for sustainable transformation</p>

Focus Topic 2: Summary & next steps of Working Group Integrity

Topic(s)

1.) Input

External Input by C. Kowalewski from TI

2.) Group Work

Discussion on the integrity effective measurement relevancy as well as approaches and obstacles

3) Key questions from the group work:

- Why is the measurement of integrity effectiveness relevant?
- What approaches/ideas are there for measuring integrity effectiveness?
- What stumbling blocks are there with the approaches/ideas?

Details

Voices from the group work:

Why is the measurement of Integrity relevant?

- The Group discussed different point of views why it is important to measure integrity. On the one hand side Integrity can be made more tangible and shows the seriousness of the topic. It can also help in regard of the competitiveness of the company and show that a company.
- It also helps to check if the measures are the right ones and where there is still room for improvement.
- Furthermore, the reporting obligations become stricter and the measurement can help to fulfil the requirements.

Which approaches/ideas exists to measure the effectiveness of integrity:

- The Group discussed the importance of checking which data are already available and how important it is to bring them together, although they "belong" probably to different departments.
- Not only quantitative KPI's should be relevant, also Employee survey results, Feedback processes or HR recruiting processes

What are the challenges?

- The Group discussed, that quite often the argument comes up, that integrity can't be measured due to the circumstances that it is a "soft" factor.
- Before starting with the measurement all issues in regard of data protection must be clarified.
- Although there already exists a lot of data, the comparability and analysis is still difficult, due to insufficient standardizations – therefore it is absolutely necessary to define the relevant KPI's
- It also exists the risk that data graveyards are produced

Next step(s)

- Follow-up meeting with interested participants to further work on the topic of measurement in Q1/24