



# Mercedes-Benz Group Climate Policy Report 2023

Mercedes-Benz Group





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**Author:** Renata Jungo Brüngger –  
Member of the Board of Management  
of Mercedes-Benz Group AG.  
Integrity, Governance & Sustainability



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

# Foreword

# Dear readers,

The Mercedes-Benz Group wants to build the most desirable cars in the world. For us, this aspiration is also inextricably linked to a responsibility towards the environment and society. The transport sector continues to account for a significant share of global CO<sub>2</sub> emissions. In order to reduce this, we as an automobile manufacturer want to do our part and thus live up to our responsibility.

The “Ambition 2039” therefore formulates our goal: to offer a net carbon-neutral fleet of new vehicles by 2039 and thus make an important contribution to climate protection. This means: We are working tirelessly to make electric vehicles more attractive to our customers, for example by increasing range, expanding charging infrastructure and continuously improving battery technology.

Mercedes-Benz Group is taking the necessary steps to go all-electric. Customers and market conditions will set the pace of the transformation. We are working on making the production of our vehicles more ecologically sustainable and taking further steps towards “Circular Economy”, to increasingly decouple the consumption of resources from the growth of the production volume.

Specifically, we are building a recycling plant for batteries in Kuppenheim in order to return as many materials as possible to the cycle. We are also planning a wind farm at our test site in Papenburg, with which we intend to cover around 20 percent of the electricity requirements of our German production plants in the future.

In addition to its responsibility for climate protection, the Mercedes-Benz Group is also facing up to its social responsibility during the transformation. For example, 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 dismissals for operational reasons until December 31<sup>st</sup>, 2029.

It is important that German federal and state politicians as well as the European Union (EU) are committed to promoting electric mobility and at the same time ensuring that the transformation is more environmentally compatible and socially responsible. This is the only way to fully exploit the potential in the transport sector in order to make an important contribution to climate protection.

Last year, financial incentives and subsidies for the purchase of electric vehicles have proven to be particularly beneficial in order to support demand in the transition phase from the combustion engine to the electric era. Furthermore, government programs dedicated to the expansion of the charging infrastructure for electric vehicles mitigate anxiety and make electric mobility more attractive. Unfortunately, the transformation is still hampered by a charging infrastructure that is often inadequate – especially in rural areas. To solve this problem, the Mercedes-Benz Group is already making considerable efforts to offer suitable charging solutions in both public and non-public spaces. One focus is on the joint expansion of a public fast-charging infrastructure in all relevant markets.

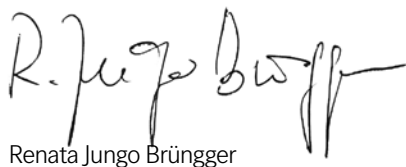
Sourcing raw materials for batteries is also a challenging issue, as it is often associated with environmental and social impacts. The European Union is increasingly relying on a regulatory framework for this topic and is defining due diligence obligations for companies even in deeper supply chains. On the one hand, they ensure clear expectations and planning security; however, the associated administrative burden and the limited scope of the influence of companies in complex supply chains must not be lost out of sight.

In order to counteract climate change, politics, business and society must act together on many levels. It is important that companies position themselves. Political engagement is an essential part of democracy. Because when we bring our company's interests into the political process, it also means that we provide our expertise. Our experience shows: Early information helps policy-makers make effective political decisions.

The Mercedes-Benz Group is convinced that the public has a right to be informed about the processes of political influence and advocacy activities. We are also of the opinion that companies which position themselves transparently are more successful than others in the medium and long term. We publish our positions on important strategic issues that affect our company on our corporate website. In this way, it is clear to everyone what arguments Mercedes-Benz Group is bringing to the political process.

This is where the Mercedes-Benz Group Climate Policy Report comes into play, providing a comprehensive overview of our company's position on climate change and the measures taken to reduce greenhouse gas emissions. Investor groups that measure their investments against ESG-criteria and thus contribute to the fight against climate change will also find transparency on the most important political issues of the moment, positions and activities of Mercedes-Benz Group.

We hope that our Climate Policy Report 2023 will be helpful for all readers and convey that the Mercedes-Benz Group takes climate protection into account in all lifecycle phases of its automobiles and has made it a key element of its business strategy.



Renata Jungo Brüngger



Eckart von Klaeden



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### **Mercedes-Benz Group Climate Policy Report 2023**

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

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

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

By issuing the Mercedes-Benz Group Climate Policy Report 2023 the Group wants to be transparent about its positions and activities demonstrating its commitment to the climate protection goals.

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This section deals with the main focus and the goals of the Mercedes-Benz Group's sustainable business strategy including an overview of its climate protection targets.

# Supporting sustainability as a driver of change



The Mercedes-Benz Group wants to create sustainable value – economically, ecologically and socially. This is one of its 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 center of its daily business. The Group is taking opinions and expectations of its customers, employees, investors, business partners, non-governmental organisations (NGOs) and society as a whole into account.

One of the most important goals of the Mercedes-Benz Group is decarbonisation. The Group has firmly established this goal in its sustainable business strategy. In the Mercedes-Benz Group's strategy, this goal is reflected in the "Ambition 2039": By 2039 the entire Mercedes-Benz new vehicle fleet is to be net carbon-neutral across all stages of the value chain<sup>1</sup>.

<sup>1</sup> Net carbon-neutral means not causing any CO<sub>2</sub> emissions and compensating any CO<sub>2</sub> emissions that do occur through certified projects to offset emissions.





Mercedes-Benz has set itself the task of fulfilling the growing global need for individual mobility in a sustainable way. In this way, we want to make our contribution to the transition to a CO<sub>2</sub>-neutral society. We already have one of the widest ranges of electric cars and will continue to expand it in the coming years with fascinating and efficient vehicles. We are also investing heavily in expanding the charging infrastructure. Among other things, we want to install more than 10,000 of our own fast-charging points worldwide by the end of the decade. For a rapid ramp-up of e-mobility, we need the right framework conditions, which we are discussing in close cooperation between business and politics.

**Ola Källenius** – Chairman of the Board of Management of Mercedes-Benz Group AG on the occasion of the seventh annual Top Level Meeting of the Strategic Dialogue for the Automotive Sector Baden-Württemberg in Berlin, December 7, 2023

The Mercedes-Benz Group acts on the basis of the sustainable business strategy adopted by the Board of Management of Mercedes-Benz Group AG with the approval of the Supervisory Board in 2019. Sustainability topics form an integral part of the business strategy. With its sustainable business strategy, the Mercedes-Benz Group takes into account the regulatory requirements relevant to its business activities as well as recognised international frameworks, the expectations of external and internal stakeholders and global trends. It regularly carries out materiality assessments in order to identify the strategic fields of action.

The Mercedes-Benz Group is also guided by the 17 Sustainable Development Goals (SDGs) of the United Nations, in particular SDGs 8 and 9 as well as 11 to 13, and concentrates on the areas where it can create added value. The Group discusses the key areas for action with the involvement of relevant stakeholder groups. In the reporting year, the Mercedes-Benz Group confirmed the following six areas of action in this process and, where necessary, specified the associated strategic ambitions.

 [THE 17 GOALS | Sustainable Development](#)



## The Mercedes-Benz Group has formulated strategic ambitions for each of the six areas of action:

- **Climate protection and air quality:** By 2039, the fleet of new Mercedes-Benz vehicles is net carbon-neutral along all stages of the value chain and is no longer to have any impact on NO<sub>2</sub> pollution in urban areas by 2025.
- **Resource conservation:** The Mercedes-Benz Group wants to decouple resource consumption from the growth in business volume.
- **More sustainable urban mobility:** The Mercedes-Benz Group aspires to improve the quality of life in cities through mobility and transport solutions.
- **Traffic safety:** The Mercedes-Benz Group is pursuing the vision of accident-free driving and developing automated driving in consideration of social and ethical aspects.
- **Data responsibility:** Customer trust and the responsible handling of customer data are the basis for more sustainable digital products and services.
- **Human rights:** The Mercedes-Benz Group assumes responsibility and is committed to safeguarding human rights along its own automotive value chain.

[Mercedes-Benz Group Sustainability Report 2023](#)

The Mercedes-Benz Group strives to cooperate in trust-based relationships with its partners in industry, government and society at large in order to make these ambitions a reality. The Group also relies on the dedication and commitment of its workforce, who is helping to shape the transformation. The Mercedes-Benz Group has defined three enablers that are critical for its success in these six areas of action: **integrity, people** and **partnerships**.

### Areas of action



### Enabler



### Risk and opportunity management

In identifying sustainability-related risks and opportunities, Mercedes-Benz Group is guided by the topics identified by a materiality assessment and thus includes the areas of action of the sustainable business strategy, for which concrete goals have been assigned. Sustainability-related risks and opportunities are understood to be conditions, events or developments related to environmental and employee issues as well as social factors (environmental, social and governance – ESG), the occurrence of which may have an actual or potential impact on the Mercedes-Benz Group's profitability, cash flows and financial position, as well as on its reputation. Climate-related risks and opportunities in connection with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) are associated with environmental issues and are thus also identified and assessed as part of the risk management process.

### **Just transition**

The decarbonisation of the Mercedes-Benz Group's business model will lead 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.

[🔗 Mercedes-Benz Group's Just Transition Approach](#)





## Overview of Mercedes-Benz Group's climate protection targets

The Mercedes-Benz Group believes that the complete electrification of its product range is the most important means of making its entire new vehicle fleet net carbon-neutral across all stages of the value chain by 2039. The Mercedes-Benz Group is continuing to seek to shape the transformation to an all-electric and software-driven future. The Mercedes-Benz Group remains focused and tactically flexible in terms of its strategy. Accordingly, the Mercedes-Benz Group has adjusted some of its electrification targets and target corridors based on market conditions and customer requirements. Mercedes-Benz Cars and Mercedes-Benz Vans are taking the necessary steps to go all-electric. The pace of transformation is determined by market conditions and customers. Mercedes-Benz Cars and Mercedes-Benz Vans plan to be in a position to cater to different customer needs, whether it is an all-electric drivetrain or a combustion engine, until well into the 2030s. Climate change mitigation is a key cornerstone of the Mercedes-Benz Group's sustainable business strategy. As early as November 2021, the Mercedes-Benz Group underscored its commitment to this transformation during the COP26 UN Climate Change Conference.

Target horizon	Targets
<b>Climate protection</b>	
2039	A fleet of new Mercedes-Benz vehicles that is net carbon-neutral along all stages of the value chain
<b>Climate protection for vehicles</b>	
By the end of the decade	Reduction of the CO <sub>2</sub> emissions per car in the new vehicle fleet up to 50 % along all stages of the value chain <sup>1,2</sup>
In the second half of the decade	Increase the proportion of electrified <sup>3</sup> vehicles in the fleet of new vehicles at Mercedes-Benz Cars to as high as 50 % <sup>1</sup>
In the second half of the decade	Electrify all new vehicle architectures <sup>1,3</sup>
In the second half of the decade	Offer an electrified <sup>3</sup> variant for every model from Mercedes-Benz Cars <sup>1</sup>
2025	Offer an electrified <sup>4</sup> alternative for every model from Mercedes-Benz Vans (Status as of 2023: Target achieved)
By the end of the decade	Increase the proportion of electrified <sup>4</sup> vehicles in the fleet of new vehicles at Mercedes-Benz Vans to more than 50 % <sup>1</sup>
<b>Climate protection in the supply chain</b>	
2039	All production materials procured by Mercedes-Benz Cars and Mercedes-Benz Vans are net carbon-neutral <sup>5</sup>
<b>Climate protection in production<sup>6</sup></b>	
2030	Reduction of CO <sub>2</sub> emissions (Scope <sup>1,7</sup> and 2 <sup>8</sup> ) by 80 % <sup>9</sup>
2039	Increase the share of energy from renewable sources to cover 100 % of energy consumption
2030	Milestone: increase the share of energy from renewable sources to cover energy consumption <ul style="list-style-type: none"> <li>• Cars 70 %</li> <li>• Vans 80 %</li> </ul>

<sup>1</sup> The pace of transformation is determined by market conditions and customers.

<sup>2</sup> Compared to 2020 (value chain stages: procured goods, production, logistics, fuel and energy generation, driving operation, disassembly and treatment processes).

<sup>3</sup> Plug-in hybrids and all-electric vehicles.

<sup>4</sup> All-electric vehicles.

<sup>5</sup> Measured on the basis of the annual procurement volume that, in turn, is based on target figures updated monthly; guaranteed by means of signatures.

<sup>6</sup> In addition to the production sites of the consolidated subsidiaries, the production sites of the following non-consolidated subsidiaries are included: Star Transmission srl (Cugir, Romania), STARKOM, proizvodnja in trgovina d.o.o. (Maribor, Slovenia) and STARCAM s.r.o. (Most, Czech Republic).

<sup>7</sup> Scope 1 emissions are direct CO<sub>2</sub> emissions from sources for which the company is directly responsible or that it directly controls.

<sup>8</sup> Scope 2 emissions are indirect CO<sub>2</sub> emissions from purchased energy such as electricity and district heating that are generated externally but consumed by the company.

<sup>9</sup> Compared to 2018.

# Net carbon-neutral Mercedes-Benz new vehicle fleet across all stages of the value chain

As a player in the transport sector, the Mercedes-Benz Group supports the Paris Climate Agreement: It is convinced of the objectives of the agreement and endeavours to implement them in all its divisions. Around one fifth of greenhouse gas emissions in Europe are caused by the transport of people and goods by road. The Mercedes-Benz Group is taking deliberate measures to counteract this trend and has made climate protection a key element of its business strategy. The ambition of the Mercedes-Benz Group: By 2039, the entire Mercedes-Benz new vehicle fleet is to be net carbon-neutral across all stages of the value chain.

To achieve this, the Mercedes-Benz Group is transforming its products and the services that are the mainstay of its business. The Group sets itself ambitious targets for CO<sub>2</sub> reduction in the individual phases, and systematically analyses the resulting CO<sub>2</sub> emissions and other environmental impacts along its entire value chain.



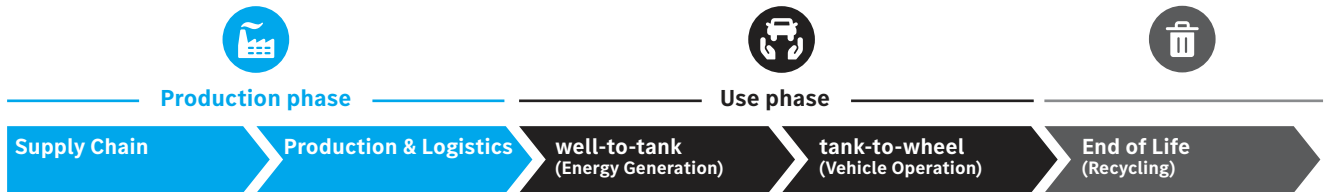
By 2039, we intend to cover the energy needs of our global production network entirely with renewable energies, and therefore without CO<sub>2</sub> emissions. We are systematically gearing our locations up for this.

**Jörg Burzer** – Member of the Board of Management of Mercedes-Benz Group AG, Production, Quality and Supply Chain Management

The Group's goal is to reduce CO<sub>2</sub> emissions per car across the entire value chain up to 50% by the end of this decade, compared to 2020. The most important levers for reducing CO<sub>2</sub> emissions in the vehicle sector are electrification of the vehicle fleet, charging with green electricity, improving battery technology, decarbonising the supply chain and the comprehensive use of renewable energies in production. The Mercedes-Benz Group has confirmed its goal of improving the framework conditions for decarbonising the economy and society worldwide through its membership in the initiatives "The Climate Pledge" and "Transform to Net Zero" since 2020.



## Net carbon-neutrality along the value chain



# Mercedes-Benz Group Climate Transition Action Plan 2023

In addition to the Mercedes-Benz Group Sustainability Report and the Mercedes-Benz Group Climate Policy Report, the Mercedes-Benz Group updates its action plan for decarbonisation in 2024. The Climate Transition Action Plan outlines the steps to achieve the set short-term and long-term goals on the road to net carbon-neutrality of the Mercedes-Benz new vehicle fleet – the “Ambition 2039”. It describes how the Group’s strategy, organisation, assets and processes are geared towards the challenges of the transformation and the goals of the Paris Climate Agreement.

[Mercedes-Benz Group Climate Transition Action Plan](#)

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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.

In accordance with the new reporting requirements of the delegated act of the European Sustainability Reporting Standards (ESRS), the Mercedes-Benz Group is redefining the process for identifying material topics – related to the strategic focus of the areas of action – and for assessing the impact on the sustainable business objectives for the coming reporting year.

The political positions, implications, opportunities, risks and measures in 2023 are explained in the following section.

[🔗 Advocacy Mercedes-Benz: Climate Protection | Mercedes-Benz Group > Responsibility > Advocacy Mercedes-Benz Group Sustainability Report 2023](#)

# Mercedes-Benz Group positions on climate- related policies



On our way to a fully electric future, we are also dependent on political framework conditions. We are therefore entering into dialogue with political decision-makers and working together on solutions to achieve our ambitious sustainability goals.

**Eckart von Klaeden** – Head of External Affairs Mercedes-Benz Group AG

## Position on the Paris Climate Agreement

As an actor in the transport sector, the Mercedes-Benz Group supports the Paris Climate Agreement: It is convinced of the objectives of the agreement. The Group has made climate protection a core element of its sustainable business strategy. On the road to an all-electric future of mobility, with “Ambition 2039”, Mercedes-Benz Group is pursuing a holistic approach. The objective is to achieve a net carbon-neutral new vehicle fleet from 2039 across the entire value chain and lifecycle – eleven years earlier than required by EU legislation. Thereby, Mercedes-Benz plans to be in a position to cater to different customer needs, whether it’s an all-electric drivetrain or a combustion engine, until well into the 2030s, and to reduce CO<sub>2</sub> emissions in supply chains, to enable a resource-efficient logistics concept as well as to ensure improved framework conditions through strategic partnerships and political advocacy.

The Mercedes-Benz Group thus supports the efforts of policymakers to protect the climate and is making its contribution to reduce CO<sub>2</sub> 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 Group 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.



# Position on net carbon-neutrality

In the view of Mercedes-Benz Group, the decarbonisation of the entire transport sector can be advanced via three main regulatory instruments: effective CO<sub>2</sub> targets for new vehicle fleets, increasing quotas for the share of renewable energies and nationwide establishment of CO<sub>2</sub> pricing mechanisms. Mercedes-Benz Group is taking the necessary steps to go all-electric. Customers and market conditions will set the pace of the transformation. In addition to the switch to an all-electric vehicle portfolio is the net carbon-neutral production an important lever. All production plants operated by the Mercedes-Benz Group produced net carbon-neutral since 2022. Since 2022, all CO<sub>2</sub> emissions from these plants that have so far proved unavoidable have been compensated by carbon offsets from qualified climate protection projects. All offsetting projects comply with international accounting standards and the high quality requirements of the Gold Standard. In this way, the Mercedes-Benz Group supports projects that meet very high quality criteria, are subject to a reliable calculation methodology and avoid double counting.

[Advocacy Mercedes-Benz: Climate Protection | Mercedes-Benz Group > Responsibility > Advocacy](#)



Sustainability goes beyond climate protection: Economic, ecological and social responsibility belong together. That's why we have been thinking about this comprehensively for many years now. Our sustainable business strategy holistically covers the three pillars E, S and G.

**Renata Jungo Brünnger** – Member of the Board of Management of Mercedes-Benz Group AG.  
Integrity, Governance & Sustainability

## CO<sub>2</sub> removal

The focus of the Mercedes-Benz Group's climate policy is on reducing and avoiding CO<sub>2</sub> emissions. According to the Intergovernmental Panel on Climate Change (IPCC), global climate protection targets cannot be achieved through reduction measures alone. In addition, CO<sub>2</sub> would also have to be removed from the atmosphere. The Mercedes-Benz Group therefore seeks to expand its portfolio to include CO<sub>2</sub> removal projects. In the reporting year, the Group made its first small contribution to CO<sub>2</sub> removal through a high-quality biochar project. Further expansion of the portfolio is planned from 2024. In this way, the Mercedes-Benz Group wants to support the development of CO<sub>2</sub> removal solutions with high quality and integrity and pave the way for the future.

# Position on active engagement for a more sustainable supply chain to reduce the carbon footprint

## Green steel

Mercedes-Benz and all its steel suppliers are working consistently to reduce CO<sub>2</sub> emissions in the steel supply chain on the way to producing green steel. In addition, Mercedes-Benz is committed to a responsible steel supply, relying on the application of recognised standards and robust certificates. The aim is to ensure environmentally friendly and socially acceptable steel production along the entire value chain.

<https://group.mercedes-benz.com/responsibility/sustainability/climate-environment/green-steel.html>  
<https://www.responsiblesteel.org/>

## Aluminum

Mercedes-Benz continues to work with its suppliers to decarbonise the aluminum supply chain for its production in Europe as a whole. The objective is for at least a third of the primary aluminum used in Europe for future electric models to be produced using renewable energies. This leads to a CO<sub>2</sub> reduction of up to 50 % in the material used compared to conventionally produced aluminum used in Europe.

<https://group.mercedes-benz.com/responsibility/sustainability/supply-chains/aluminum.html>



# Position on transformation

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

- **Publicly accessible charging infrastructure**

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

- **Financial support for battery-electric vehicles**

Financial support for the acquisition of a new technology has a positive effect on the purchase decisions of customers. In order to accelerate the ramp-up of electric mobility, battery-electric vehicles should continue to be promoted for the foreseeable future in terms of purchase and usage compared to conventional operated vehicles. Regarding electric vehicle promotion, it is important to give planning certainty for customers in order to ensure the widest possible acceptance for electric cars. Support programs should be clearly defined for a multiannual period of time.

- **Focus on vehicle fleets**

The use of electric vehicles in vehicle fleets should be the focus, as the expected positive environmental effect is the greatest here. This applies in particular to the conversion of fleets for commercial transport.

- **Plug-in hybrid vehicles as an important bridging technology**

Mercedes-Benz Group sees plug-in hybrids as an important bridging technology for strengthening confidence in electric mobility. As the electric range increases with the use of larger plug-in batteries in the latest vehicles, the electric driving shares increase as well.

- **Decarbonisation of the transport sector through green electricity**

Another important criterion is the availability of green electricity for the use in electric vehicles, as the decarbonisation of traffic will only succeed if renewable energy is used. The access to renewable generated energy should be ensured globally. Today's energy networks need to be expanded in order to allow the best possible uptake of renewable electricity.

<https://group.mercedes-benz.com/responsibility/advocacy/electromobility.html>

# 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 lifecycle of an electric vehicle to decrease CO<sub>2</sub> emissions.

Renewable energies make a significant contribution to this. In concrete terms, this involves net carbon-neutral production in the Mercedes-Benz Group's own production plants worldwide and along the entire value chain, as well as net carbon-neutrality of new vehicles in their use phase.

- **Accelerating the transformation of the energy sector**

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

- **Commitment to ambitious EU targets**

The EU Emissions Trading Directive – as the basis for the EU Emissions Trading System (ETS) – and the Renewable Energy Directive (RED) play a central role in European climate policy for the decarbonisation and expansion of renewable energies. The amendment of ETS and RED has been completed, both provisions have taken effect. In principle, the Mercedes-Benz Group welcomes the thrust from the CO<sub>2</sub> reduction targets of the Emission Trading System (ETS). On the regulatory targets for the expansion of renewable energies (RED), Mercedes-Benz Group would have welcomed much more ambitious targets to accelerate the decarbonisation of energy carriers.

- **Electricity based fuels**

Regarding the decarbonisation of the energy carriers, Mercedes-Benz Group believes that no possible technology pathways should be left out to reach the climate protection goals. For example, synthetic e-fuels are electricity-based fuels, also known as RFNBO (Renewable Fuels of Non-Biological Origin), and are largely climate-neutral, as long as the electricity used is renewable and the CO<sub>2</sub> that may be used comes from the atmosphere. Such regenerative fuels are an option for vehicles in the existing fleet, to help to reduce the share of fossil fuels.

The Mercedes-Benz Group intends to systematically reduce the CO<sub>2</sub> emissions generated in vehicle production – particularly due to the use of fossil fuels – and, where possible, to avoid them altogether. The Group has set itself the target of covering more than 70 % (cars) or 80 % (vans) of its energy requirements in production with renewable energies by 2030. The procurement of green electricity plays a key role in these efforts. All of the Mercedes-Benz Group's own production plants worldwide obtain 100 % of their external electricity from renewable energy sources. The Mercedes-Benz Group in Germany currently relies on a mix of solar, wind and hydroelectric power for the external procurement of green electricity. The Mercedes-Benz Group is also committed to the expansion of renewable energies at its own locations. By 2025, the Mercedes-Benz Group will make further investments to drive forward the expansion and installation of photovoltaic systems (PV systems) at its locations worldwide.

[Mercedes-Benz Group EA Position Paper Renewable Energies and Green Production](#)





# Position on carbon pricing

CO<sub>2</sub> pricing is an important instrument for effectively reducing emissions and thus achieving climate protection targets. The Mercedes-Benz Group supports regulatory measures on pricing mechanisms in relation to the targeted CO<sub>2</sub> reduction volumes that simultaneously take into account the aspect of competitiveness worldwide.

In general, a distinction is made between two types of CO<sub>2</sub> pricing mechanisms: CO<sub>2</sub> taxation systems and CO<sub>2</sub> emissions trading systems. The CO<sub>2</sub> price can be set directly by the state through a CO<sub>2</sub> tax on the one hand and indirectly through an emissions trading system with a market for emission rights on the other. In this way, the price signal is intended to provide an economic incentive for behavioural changes on the part of the CO<sub>2</sub> emitter for the reduction of the CO<sub>2</sub> emission volumes.

Mercedes-Benz Group sees these pricing mechanisms as useful for decarbonising the economy. From the Group's point of view, it is crucial to focus on implementable measures in the short term, to strengthen the regional mechanisms for CO<sub>2</sub> pricing and at the same time to establish a global emissions trading system in the long term.

- **Expansion and strengthening of regional mechanisms**

Mercedes-Benz Group considers it sensible to rapidly expand and strengthen the already existing regional mechanisms for CO<sub>2</sub> pricing. The CO<sub>2</sub> price must be high enough to create incentive effects for investments in climate-neutral technologies and energy efficiency. In addition, the social and economic impacts of tightened CO<sub>2</sub> pricing mechanisms, such as rising energy prices, must also be taken into account by political decision-makers.

- **Expansion of a global emissions trading system**

A promising regulatory approach for global decarbonisation is a quantity-based global emissions trading system that should include as many sectors as possible, such as energy, industry, transport, buildings, agriculture and others. Due to its complexity, the Group considers such a political measure as a long-term option. The decisive advantage would be that with this instrument an economically optimised solution can be achieved across individual sectors.

[Mercedes-Benz Group EA Position Paper Carbon Pricing](#)

## Putting Ambition 2039 on the road

The journey to net carbon-neutrality



### Mercedes-Benz Modular Architecture (MMA)

reduces value-chain CO<sub>2</sub> by more than 40%  
– compared to previous car line-up



### Decarbonising the supply chain

with almost CO<sub>2</sub>-free steel and CO<sub>2</sub>-reduced aluminium



### New Mercedes-Benz vehicle family designed from scratch

to put Ambition 2039 on the road



### Next-generation Mercedes-Benz Electric Drive Unit (MB.EDU)

In-house development features a significantly lower share of heavy rare earths than previous generations – close to 0%



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

CO<sub>2</sub> and fuel consumption regulations for fleets are policy instruments that make an important contribution to reducing CO<sub>2</sub> 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<sub>2</sub> emissions when driving. Mercedes-Benz regards fleet legislation in conjunction with coherent and comprehensive political measures to shape net carbon-neutral mobility as purposeful.

The implementation of the CO<sub>2</sub> new vehicle fleet legislation needs to be supported by accompanying policy measures:

- **Development of charging infrastructure and availability of renewable energy**  
Effective and ambitious fleet regulations must be complemented by coherent political measures to accelerate the development of charging infrastructure. Customers must be able to use their electric vehicles conveniently in everyday life. The expansion of renewable energies must also be promoted in a targeted manner so that the use of electric vehicles is holistically climate friendly.
- **Tax and non-tax incentives to accelerate the electric ramp-up**  
Financial support for the acquisition of new technology has a positive effect on the purchase decisions of customers. In order to accelerate the ramp-up of electric mobility, battery-electric vehicles should continue to be promoted for the foreseeable future in terms of purchase and usage compared to conventional operated vehicles.

- **Integration of the transport sector into emissions trading**

Another measure in connection with fleet legislation is the gradual integration of the transport sector into emissions trading. In the Group's view, this should be the leading regulatory instrument for the decarbonisation of transport in the future, since an economically optimized solution across individual sectors can be achieved with this instrument.

[Mercedes-Benz Group Sustainability Report 2023](#)  
[Mercedes-Benz Group EA Position Paper Greenhouse Gas and Fuel Economy Fleet Regulations](#)

## Position on circular economy/ battery recycling as an integral part of a closed material loop

Global resource consumption is increasing – with negative consequences for the environment and society. That is why Mercedes-Benz Group strives to increasingly decouple the consumption of resources from the growth of the production volume in order to establish a circular economy. The objective here is to help promote both economic growth and sustainability. This plan can only succeed if the Group systematically conserves resources.

- The overarching goal of the circular economy is to maintain the value of products, components, and materials as long as possible. Mercedes-Benz Group is working to extend the service life of all vehicle components – for example, by using especially long-lasting materials.
- The Group is also working to increase the efficiency of its vehicles and significantly reduce its use of raw materials. One of the tasks here is to reinforce the closed material loops for the primary raw materials which are needed for electric vehicles.
- Used Mercedes-Benz genuine parts are remanufactured according to the Group's remanufacturing approach and used in a second automotive lifecycle. In the process, the used Mercedes-Benz genuine parts for cars and vans are remanufactured in such a way that their functionality, safety, and quality correspond to those of a new component. The vehicle parts are only recycled when they can no longer be reused in a vehicle.
- Another measure to save resources is the circular design of batteries. Refurbishing a used battery consumes significantly less energy and raw materials than new production. In addition, each remanufactured battery reduces the amount of waste. Batteries, which are no longer suitable for reuse in a vehicle – for instance, because their residual capacity is too low – can be reprocessed for use in a stationary energy storage unit. This is how Mercedes-Benz Group improves the environmental balance of electric vehicles while also contributing to the establishment of a sustainable energy industry.



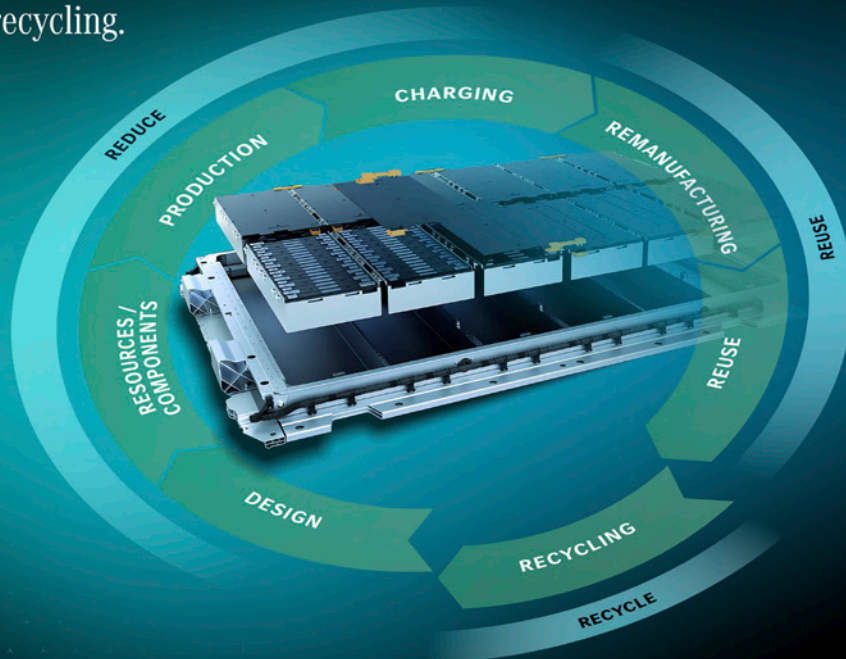
With a recycling rate of more than 96 percent, a “mine of tomorrow” is being created in Kuppenheim. The innovative technology approach enables us to incorporate the valuable raw materials into new electric vehicles. We are consistently expanding our expertise of the battery value chain and are taking an important step in our strategy. Together with our partners from industry and science, we are demonstrating the potential of Baden-Württemberg and Germany to innovate in the area of sustainable electromobility.

**Jörg Burzer** – Member of the Board of Management of Mercedes-Benz Group AG.  
Production, Quality and Supply Chain Management

- Material recycling concludes the end of a battery’s life and is the key to closing the material loop. This makes battery recycling a prerequisite for a more sustainable business model and the electric mobility of the future. An important milestone in the global Mercedes-Benz Group battery recycling strategy is the establishment of its own pilot plant for the recycling of lithium-ion battery systems in Kuppenheim, Germany.
- It is planned to establish a closed material loop for battery recycling also in China and the USA together with high-tech partners.

[On the road to the circular economy. | Mercedes-Benz Group > Responsibility > Sustainability > Resources...](#)  
[Mercedes-Benz Group EA Position Paper Circular Economy](#)  
[Mercedes-Benz groundbreaking ceremony for battery recycling factory in Kuppenheim, Germany | Mercedes-Benz Media](#)  
[Mercedes-Benz Group Sustainability Report 2023](#)

Mercedes-Benz is closing the loop on batteries through sustainable recycling.



# Position on resource conservation, biodiversity and sustainable water use

Mercedes-Benz Group strives for a responsible balance between ecological, social and economic goals. Resource conservation and ecological responsibility are firmly anchored in the Group's sustainable business strategy.

- **The protection and preservation of biodiversity are central prerequisites for the existence of life and the limitation of climate change**

Mercedes-Benz Group is aware of the fundamental importance of global biodiversity and is consistently working to minimise the ecological impact of its operating business along the entire value chain.

- **Mercedes-Benz Group supports European standards**

The European Union took an important step towards implementing stringent European Sustainability Reporting Standards (ESRS). The Group supports a holistic approach and relies on implementable, measurable and target-oriented standards – also regarding the sector-specific requirements that still need to be developed. In doing so, the Group wants to contribute to the discourse in a constructive and solution-oriented manner.

- **Water as a vital element: a fundamental resource for the Mercedes-Benz Group**

To responsibly address the ongoing shortages and risks caused by climate change, such as droughts or floods, the Group is committed to more sustainable water management and a further reduction of its own water consumption. To this end, three strategic elements are central:

1. Conservation of fresh water through efficient use and treatment
2. Prevention of soil and groundwater contamination
3. Flood protection

In the context of political advocacy, the Group would like to draw attention also to these topics and therefore bring them into discussions with stakeholders as well as into the corresponding committees at associations.

[🔗 Mercedes-Benz Group EA Position Paper Resource Conservation](#)

[Our water policy: | Mercedes-Benz Group > Responsibility > Sustainability > Resources](#)

[Mercedes-Benz Biodiversity Policy | Mercedes-Benz Group > Responsibility > Sustainability > Resources](#)

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

Each of the examples underline the Group's commitment to transform towards a net carbon-neutral car and van manufacturer. The full scope of activities is comprehensively presented in the Mercedes-Benz Group Sustainability Report 2023.

[🔗 Mercedes-Benz Group Sustainability Report 2023](#)

# Mercedes-Benz Group climate policy engage- ment

# Declaration on accelerating the transition to net carbon-neutral cars and vans

The Mercedes-Benz Group confirmed its intention to accelerate the shift towards electromobility at the UN Climate Change Conference COP26 in Glasgow in November 2021. In the “COP26 declaration on accelerating the transition to 100 % zero emission cars and vans”, the Mercedes-Benz Group declares to work together with other companies, cities and governments to achieve net carbon-neutral transport for the future. The Group is convinced that the electrification of vehicles will be instrumental in accelerating the transformation.

[COP26 transport declaration](#)

## Mercedes-Benz Group welcomes climate policy regulations

Governments worldwide are enforcing sustainability targets through corresponding legal frameworks, such as the European Green Deal Initiative. Mercedes-Benz Group supports these initiatives and aligns its actions according to the upcoming regulations. As part of its advocacy work, the Group is a driving force in matters of sustainability and climate protection. The Group welcomes climate policy regulations, like for example:

- **German Supply Chain Act and European Directive on Corporate Sustainability Due Diligence**  
The Mercedes-Benz Group has welcomed the introduction of the German LkSG and also supports EU-wide regulations if they serve the actual purpose of improving human rights and environmental aspects and are drafted with a sense of proportion. Above all, this means that they are realisable and do not impair international competitiveness.
- **Renewable Energy Directive**  
In the EU, the Mercedes-Benz Group welcomes all political activities worldwide that accelerate the transformation of the energy sector. The aim is to harmonise regulations across regions and countries and to enable rapid support for the expansion of renewable energies through German federal and state policy or the EU – in the form of loans, for example.

In the U.S., policies such as the Environmental Protection Agency’s proposed e-RINs (Renewable Identification Numbers for electric vehicles) program and state-level Low Carbon Fuels Standards are strong measures that reduce carbon intensity of fuels and electricity generation and at the same time encourage vehicle electrification. Mercedes-Benz has advocated in support of these policies given their decarbonisation benefits and corresponding incentives for electric vehicle purchases and charging infrastructure.

- EU Alternative Fuels Infrastructure Regulation (AFIR)

A universal charging infrastructure is needed, especially across the region. Its expansion must keep pace with the growing number of electric vehicles in order to increase the attractiveness and user-friendliness of the electric drive and make it a real alternative to the conventional combustion engine. The Mercedes-Benz Group therefore welcomes the Alternative Fuels Infrastructure Regulation (AFIR) adopted in autumn 2023. The AFIR obliges all EU member states to provide charging infrastructure.

The Mercedes-Benz Group has also been educating U.S. policymakers about AFIR, and while not currently on the horizon for the U.S., continues to share the benefits if such a program were considered in the U.S.

- Circular Economy Action Plan

In the EU, the Mercedes-Benz Group welcomes the draft legislation presented by the European Union in the reporting year to strengthen the circular economy. The Group has set itself the goal of increasingly decoupling its resource consumption from growing production output and is pursuing the holistic “Design for Environment” approach: It wants to incorporate circular economy principles into product development right from the start, for example in the composition of the materials used.

In the U.S., the Mercedes-Benz Group contributed to development of the Alliance for Automotive Innovation’s Lithium-Ion EV Battery Recycling Policy Framework. This document is used to educate and advocate for state-level policies that support battery recycling in the U.S.

- EU Biodiversity Strategy

The preservation of biodiversity is currently considered one of the greatest challenges. The Mercedes-Benz Group also sees itself as having a responsibility here, as it uses land and resources and has an impact on the environment due to its production processes. This can have an impact on biodiversity. The “Biodiversity Policy” published in the reporting year serves as a guideline for the Group’s actions. The Mercedes-Benz Group also supports the objectives of the UN’s International Convention on Biological Diversity.

[Advocacy Mercedes-Benz: Climate Protection | Mercedes-Benz Group > Responsibility > Advocacy](#)  
[Proportionate EU sustainability obligations for protecting human rights and the environment in global value chains \(mercedes-benz.com\)](#)  
[Mercedes-Benz Group EA Position Paper Renewable Energies and Green Production](#)  
[Mercedes-Benz Group EA Position Paper Circular Economy](#)  
[Mercedes-Benz Group EA Position Paper Resource Conservation](#)





## 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 the right decisions in good time and to make an appropriate assessment. Transparency is not a contradiction – on the contrary. It is an understandable concern, that is worth supporting, to know the decision-making process and its participants. The companies are in direct contact with politicians, but also through the associations. It is a legitimate right and expectation of politicians that companies make an appropriate contribution. Associations take on a state-political coordination function and serve as an overarching point of contact for policymakers in their respective areas of responsibility and fields of expertise. This is necessary for a working democracy.

### Political support to build charging infrastructure

#### Advocacy on federal tax credits regarding U.S. EV Funding

- Mercedes-Benz Group engages with government and policymakers in the U.S. to shape criteria and availability of charging funds to support the roll out of the Bipartisan Infrastructure Law charging funding (as known as NEVI funds and community grant funds).

#### Political dialogues and expert discussions

- At the beginning of 2023, representatives of the Mercedes-Benz Group spoke with members of the German Bundestag from SPD, Bündnis 90/ Die Grünen, FDP and CDU/CSU in Berlin about the Group's sustainable business strategy and the political framework conditions. The focus of the discussion was on the challenges and expectations of the government regarding a charging infrastructure and the expansion of renewable energies.

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**Political dialogues and expert discussions**

- In November, a member of the Board of Management of Mercedes-Benz Group AG met the Federal Minister for economic affairs and climate action for a so called “Roundtable” exchange about the appropriate framework conditions for bidirectional charging of electric vehicles. In addition, there was an exchange with the other EU member states to identify best practices.

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**Engagement in sustainability initiatives and associations**

- U.S. EV Funding:
  - Participating in U.S. government-led initiatives, like ChargeX Initiative, to address EV (Electric Vehicle) charging rollout, criteria and barriers/challenges.
  - Work with federal, state, and local partners in the U.S. to advance electric vehicle charging availability, in support of funding efforts for Mercedes-Benz High Power Charging (MBHP), and Ionia North America Charging Network (IONNA).
- Engagement in associations regarding monitoring the achievement (both in terms of quality and quantity) of public charging infrastructure targets set by EU Alternative Fuels Infrastructure Regulation (AFIR).

<https://www.acea.auto/figure/charging-point-deployment-versus-sales-of-electrically-chargeable-cars/>

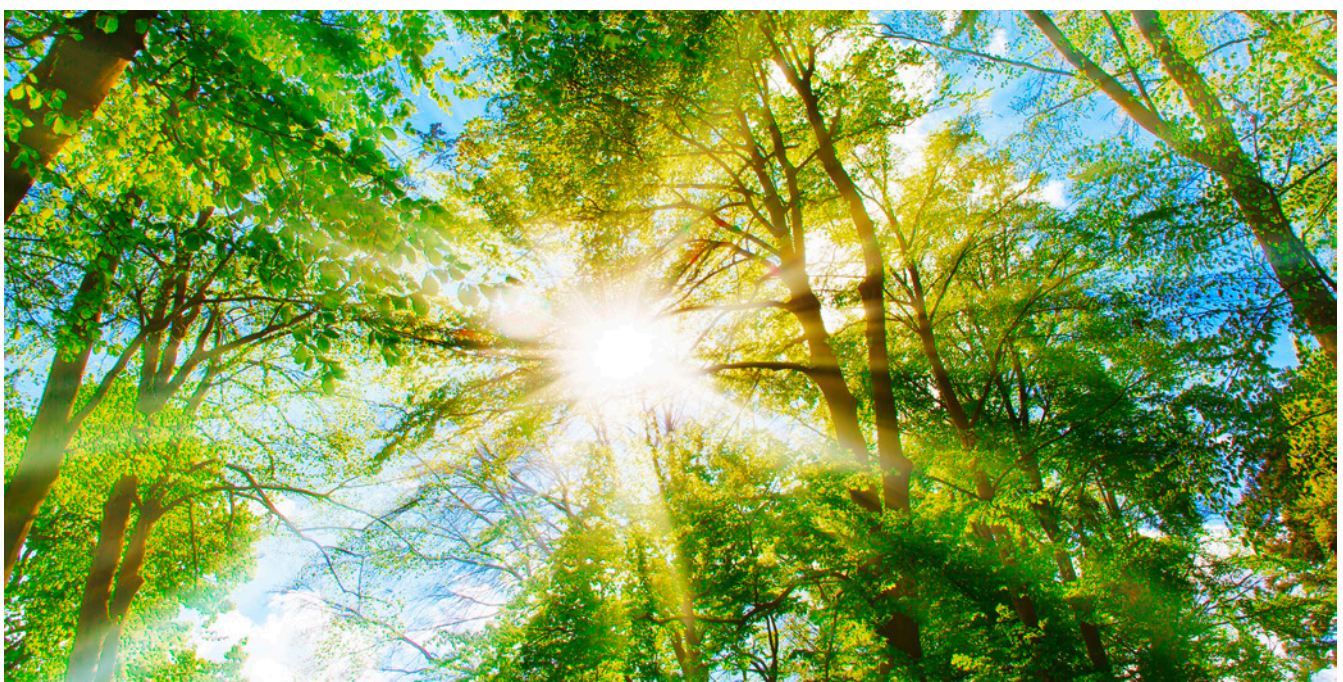
- Support for planned stakeholder expert group to implement bidirectional charging in Germany and Europe.

<https://www.bmwk.de/Redaktion/EN/Pressemitteilungen/2023/11/20231127-habeck-hosts-european-summit-on-bidirectional-charging.html>

- Engagement in advisory board “Nationale Leitstelle Ladeinfrastruktur” to coordinate and steer charging infrastructure ramp-up in Germany.

<https://nationale-leitstelle.de/en/>

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## Political engagement for a more sustainable supply chain

### Engagement in sustainability initiatives and associations

- “Green” steel for Mercedes-Benz from 2025  
Mercedes-Benz AG has signed a contract with the Swedish start-up H2 Green Steel (H2GS) for the supply of around 50,000 tonnes of virtually CO<sub>2</sub>-free steel per year for the company's own European press plants. The new supply contract enables Mercedes-Benz AG to bring virtually CO<sub>2</sub>-free steel into series production. H2GS plans to start production in 2025.

Mercedes-Benz Group AG is a member of the Responsible Steel Initiative and is actively involved in the development of a certifiable sustainability standard for the steel industry.

[Mercedes-Benz Group Sustainability Report 2023](#)  
[Mercedes-Benz purchases CO<sub>2</sub>-reduced steel from Europe | Mercedes-Benz Group > Responsibility > Sustainability > Climate & Environment](#)  
[“Green” steel for Mercedes-Benz. from 2025 | Mercedes-Benz Group > Responsibility > Sustainability > Climate & Environment](#)  
[ResponsibleSteel](#)

- Responsible and environmentally sourcing of aluminum  
Aluminum is a key material in vehicle construction, not least because of its special properties as a lightweight material. Mercedes-Benz works closely with its suppliers to ensure responsible and environmentally sound procurement along the entire value chain. In future the company will only source primary aluminum certified by the Aluminum Stewardship Initiative (ASI) for its stamping plants and foundries in Europe.

[Our activities in the aluminum supply chain. | Mercedes-Benz Group > Responsibility > Sustainability > Supply Chains](#)

## Carbon border adjustment mechanism (CBAM)

### Advocacy on upcoming regulations

- Advocacy on reduction of bureaucracy and creation of a level playing field (avoidance of restrictions on competition).

### Participation in external events

- Participation in EU webinars.

### Engagement in sustainability initiatives and associations

- Statements and clarification of questions via ACEA and VDA Working Group on Energy.

[Carbon Border Adjustment Mechanism – European Commission \(europa.eu\)](#)

## Political support for CO<sub>2</sub>-legislation passenger vehicles/heavy duty vehicles EU

### Advocacy on upcoming regulations

- Verifying the readiness of enabling conditions such as public charging infrastructure in the framework of the scheduled CO<sub>2</sub> review 2026 by the EU Commission.

<https://www.acea.auto/press-release/co2-from-cars-and-vans-eu-auto-makers-press-for-resolution-to-current-impasse/>

- Heavy electric vans (>5 tons) are not yet in the scope of the CO<sub>2</sub>-regulation for heavy-duty vehicles. Mercedes-Benz Group advocates for the inclusion of these electric vans in the scope of the CO<sub>2</sub>-regulation to boost electrification of the HDV segment.

### Engagement in sustainability initiatives and associations

- Active involvement in global associations to define CO<sub>2</sub> targets for 2035 and beyond in consideration of the Paris Climate Agreement.

## Political engagement regarding U.S. federal emissions rules

### Advocacy on upcoming regulations

- Mercedes-Benz supports the federal government's goals to advance vehicle electrification and has provided detailed information to policy-makers regarding the company's strong commitment to electric vehicles.

- Mercedes-Benz Group advocates for alignment between EPA's (Environmental Protection Agency) criteria emissions standards and those adopted by California's Advanced Clean Cars II (ACCII) and Low Emission Vehicle IV (LEV IV) standards to ensure strong, federal air quality improvements. Mercedes-Benz Group is supporting EPA's more stringent light-duty vehicle standards that would require gasoline particulate filters.

- Mercedes-Benz Group engages with California Air Resources Board and Section 177 states to work on seamless integration of Zero Emission Vehicle standards in each state.

### Engagement in sustainability initiatives and associations

- Mercedes-Benz Group is prepared to work with government agencies and associations to identify appropriate pathways and timelines that maximise technology development underway for the worldwide market.

- Participation in company events, like Sustainability Days and launch of flagship charging location, with outreach to agencies, congressional representatives, community groups, and environmental organisations.

## Political support for transition/transformation

### Political dialogues and expert discussions

- Participation of representatives of Mercedes-Benz Group in multiple political formats, e.g. “Strategic Dialogue for the Automotive Industry Baden-Württemberg”, “Strategieplattform Transformation der Automobil- und Mobilitätswirtschaft (STAM)”, the German Government’s Expert Group “Transformation der Automobilwirtschaft” and the “Agora Verkehrswende Council”.
- As part of the External Affairs discussion series “Regional Political Dialogue” in Stuttgart, Mercedes-Benz Group board members in July discussed necessary steps for the transformation of the automotive industry with representatives from state and local politics.
- In November 2023, the Chairman of the Board of Management of Mercedes-Benz Group AG met the German Chancellor at the strategy platform – consisting of two expert groups “Transformation of the Automotive Industry” (ETA) under the leadership of the Federal Ministry for economic affairs and climate action and “Climate Protection in Mobility” under the leadership of the Federal Ministry for Digital and Transport. The main topic was the achievement of the 15-million-goal of electric vehicles and the recommendations for action to reach this goal.

### Mercedes-Benz Group events

- Sustainability can only be achieved together. That is why Mercedes-Benz Group seeks active exchange with various stakeholder groups. An important tool in the opinion forming process was the exchange with stakeholders at the “Sustainability Dialogue” in Stuttgart in November. It brought together stakeholders from different areas with members of the Board of Management of Mercedes-Benz Group AG. In addition to presentations and panel discussions, the participants discussed selected sustainability topics.

[Mercedes-Benz Sustainability Dialogue 2023 | Mercedes-Benz Group > Responsibility > Sustainability](#)

- In October 2023, for the first time, a Sustainability Dialogue took place at the plant in Tuscaloosa, Alabama. Representatives from the fields of business, science, politics, NGOs, associations and municipalities came together with the goal: Obtaining feedback on the company’s sustainability activities, hearing and understanding participants’ perspectives on the topic of sustainable production in Alabama, as well as jointly discussing approaches and solutions to the current challenges – with special regard to climate protection and resource preservation. The Member of the Board of Management of Mercedes-Benz Group AG for Integrity, Governance & Sustainability and the Member of the Board of Management of Mercedes-Benz Group AG for Production, Quality & Supply Chain Management were present.

[Renata Jungo Brüngger on LinkedIn: #sustainability #esg #transformation #dialog #teamwork Mercedes-Benz Group Sustainability Report 2023](#)

- The “Sustainability Dialogue 2023” took also place in China and India.

[Mercedes-Benz Research and Development India auf LinkedIn: Sustainability Dialogue India 2023](#)

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**Participation in external events**

- In September, the Chairman of the Board of Management of Mercedes-Benz Group AG attended the ESMT Berlin Global Dialogue to find solutions for a global economy in transition on achieving net carbon-neutrality.
- In the same month, the Chairman of the Board of Management of Mercedes-Benz Group AG took part at the UN Private Sector Forum as part of the UN General Assembly Week. The Private Sector Forum focussed on ways the private sector can work together with other stakeholders to accelerate the achievement of the 2030 Agenda on Sustainable Development. He participated in interactive dialogues and made important contacts with representatives of the UN Secretary, from governments and businesses.

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**Political assistance**

- The Mercedes-Benz Group engages in targeted exchanges with stakeholders from politics and society from the surrounding area when planning new projects. One of the goals is to reconcile the interests of the sites with the concerns of the people in the neighbourhood and to create favourable framework conditions for all sides.

Responsible for the political outreach is the External Affairs department. External Affairs advocates for political support and provides political assistance: For example, at the opening of the “ACC battery production site” in Douvrin in May and at the opening event of the first Mercedes-Benz-owned charging park in Germany in November.

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## Engagement in sustainability initiatives and associations

- The Mercedes-Benz Group confirmed its corporate goal of improving the framework conditions for decarbonising the economy and society worldwide by joining the initiatives “Transform to Net Zero” and “The Climate Pledge”.

In July 2020, Mercedes-Benz Group became a founding member of the international climate protection initiative “**Transform to Net Zero**”, which was launched by Microsoft. Through this membership, Mercedes-Benz Group has further reinforced its commitment to the Paris Agreement and its goals. Nine renowned companies from a wide range of industries and countries are pooling their expertise to promote the framework conditions for a broad decarbonisation of the economy and society in this initiative. The shared goal is – according to Mercedes-Benz Group’s political advocacy climate guidelines – to improve the framework conditions for the decarbonisation of the economy and society all over the world.

[Mercedes-Benz joins “Transform to Net Zero”. | Mercedes-Benz Group > Responsibility > Sustainability > Climate & Environment](#)  
[Mercedes-Benz Group Sustainability Report 2023](#)

Another example for Mercedes-Benz Group’s dedication to team up for decarbonisation is the engagement in “**The Climate Pledge**”. The Climate Pledge is a voluntary commitment by companies to fulfil the goals of the Paris Agreement on climate change ten years earlier than required. The companies who have taken this pledge promise to make their business CO<sub>2</sub>-neutral by 2040. The Climate Pledge was created in 2020 by Amazon and Global Optimism.

[Mercedes-Benz Group Sustainability Report 2023](#)

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## Advocacy work for renewable energies

### Political dialogues and expert discussions

- In October 2023, the Chairman of the Board of Management of Mercedes-Benz Group AG met the Federal Minister for economic affairs and climate action for a so called “Roundtable” exchange about the energy supply of German companies against the background of the energy crisis, the current economic situation and the transformation of the industry.

[Mercedes-Benz Group Sustainability Report 2023](#)

### Political assistance

- The Mercedes-Benz Group aims to secure the long-term availability of renewable energies at its own locations. With its political advocacy, the Group locally supports the initiation and conclusion of corresponding Power Purchase Agreements (PPA) with various utility companies. A wind farm is currently being planned in Papenburg in cooperation with the company UKA (Umweltgerechte Kraftanlagen GmbH und Co. KG). To this end, representatives of the Group are engaged in constant dialogue with local political stakeholders.

[Mercedes-Benz Group Sustainability Report 2023](#)

## Engagement for circular economy/battery production and recycling

### Advocacy on upcoming regulations

- Participation in US IRA program: political support of battery and electric vehicles production.
- Participation in a delegation trip to Canada in October to ensure the supply of raw materials for battery-production.

### Engagement in sustainability initiatives and associations

- The Mercedes-Benz Group is actively involved in circular economy initiatives – such as the “Round Table on the National Circular Economy Strategy” of the German Federal Government.
- Through the associations’ work, the Group contributes technical know-how within the framework of the EU legislative process, for example as chair of the working group “Circular Economy” of VDA and as member of the “Circular Economy” working group in ACEA.
- Battery Regulation EU: Engagement in European associations to achieve meaningful implementing acts on open issues such as elements of the Circular Economy conformity letter.

[EU's ambitious Batteries Regulation must be backed up by credible enabling conditions - ACEA - European Automobile Manufacturers' Association](#)



## Advocacy engagement for biodiversity

### Political assistance

- Peatland restoration and protection is important because peatlands fulfil many ecological and climatic functions. Peatlands are habitats for many rare and specialized species that depend on the wet and acidic conditions. Peatlands are also important water and carbon sinks that can prevent flooding and reduce greenhouse gases. These functions are impaired or destroyed by the drainage and use of the peatlands. That is why attempts are being made to rewet the moors and restore them to their natural state.

Specifically, Mercedes-Benz Group supports the conservation and re-naturation of peatlands in Baden-Württemberg and will work closely with the Ministry of the Environment of the State of Baden-Württemberg, and others. There are already numerous promising project ideas for peatland protection in the region. However, there is a need for expert support in their implementation. For this reason, among other things, the creation of an external coordination function is planned to coordinate activities and achieve environmental goals in this area more effectively and quickly. The funding concept also provides for a gradual expansion of the rewetting of peatlands in the Baden-Württemberg region to increase their ecological value.

[Mercedes-Benz Group Sustainability Report 2023](#)

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### Engagement in sustainability initiatives and associations:

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- Participation in Working group biodiversity (VDA) as founding member.



## Political support for a more sustainable urban mobility

### Participation in external events

- In June 2023, representatives of the Group took part in the “Urban Future Global Conference” in Stuttgart – Europe’s largest conference on sustainable cities with over 2,000 participants from 70 countries. There, they exchanged views on the topics of sustainable mobility, resource-saving consumption, heat-resilient urban districts, climate-neutral energy supply and social participation.

[June 21-23, 2023: #UF23 “Mercedes-Benz meets Urban Future Global Conference”](#). | Mercedes-Benz Data

### Engagement in sustainability initiatives and associations

- The Mercedes-Benz Group aspires to improve the quality of life in cities through the Group’s own mobility and transport solutions. For this reason, the Mercedes-Benz Group is involved in the VDA’s “German Urban Mobility Platform” (PUM) and works on the “Agora Verkehrs-wende” Council. Here, representatives of industry and cities discuss urgent issues of the mobility transformation and cooperatively derive measures.

<https://www.acea.auto/news/eus-ambitious-batteries-regulation-must-be-backed-up-by-credible-enabling-conditions/>  
Mercedes-Benz Group Sustainability Report 2023

## Political engagement for free markets and economic competitiveness

### Advocacy on existing and upcoming regulations

- Advocacy on existing regulations: e.g. “EU-UK Trade and Cooperation Agreement (TCA)” and European Emission Trading Directive to create a level playing field and to set up a new upcoming regulation of an Emissions Trading System for Heat and Transport.

### Political dialogues and expert discussions

- In November 2023, the Mercedes-Benz Group took part in the European Round Table for Industry (ERT) in Stuttgart, an association of around 50 major European companies. The aim of the forum is to develop long-term business-friendly strategies in cooperation with the European Commission. During a discussion with the President of the European Commission, the Chairman of the Board of Management of Mercedes-Benz Group AG addressed Europe’s dependence on exports, sales markets, resources and technologies. In addition to reducing structural weaknesses, the focus was on strengthening Europe as a production location and promoting innovation as necessary factors for securing and increasing Europe’s competitiveness.

### Participation in external events

- The “China Development Forum (CDF)” is an annual international forum organised by the State Council of the Republic of China. The aim of the forum is to strengthen communication between China and the world. At the CDF in March 2023, the Chairman of the Board of Management of Mercedes-Benz Group AG emphasised the importance of further implementing China’s open-door policy and balanced data regulation in order to ensure economic growth and technological innovation.

### Engagement in sustainability initiatives and associations

- Association engagement to safeguard free markets and circulation of goods for the transformation to net carbon-neutrality.
- Participation in committee meetings of the “Working Group on Emissions Trading” at the German Federal Ministry for the Environment.

[Mercedes-Benz Group Sustainability Report 2023](#)

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The Mercedes-Benz Group is an active member of several trade associations. Mercedes-Benz Group advocacy representatives engage in the working groups dealing with climate-related policies. For this report, the Mercedes-Benz Group selected four industry associations that are influential in climate-related policies and operate in markets, which are frontrunners regarding sustainability and net carbon-neutral mobility.

These markets and according 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 Manufacturers and Traders (SMMT), which is the voice of the United Kingdom motor industry.

# Review of industry associations' positions on climate-related policies

In the following, the associations' positions regarding climate-related policies are reviewed vis-a-vis Mercedes-Benz Group's perspectives. The focus hereby is on the statements published by the reviewed associations and their advocacy positions primarily from 2023, which are quoted in the following overviews.

### **What Mercedes-Benz Group is doing to get associations to align more closely with the Paris climate goals**

Independent of the quoted results, Mercedes-Benz Group always advocates for association positions that are as progressive as possible and that are never detrimental to its convictions. The Group is convinced that associations play a key role in the political opinion forming process. Therefore, it uses their platforms to engage with policymakers and other stakeholders. In doing so, it advocates for cleaner, safer and smarter transport.

Associations represent different industry positions: Some are very ambitious, others are moderate, and in some cases represent only the lowest common denominator of an industry made up of competitors with sometimes very different business strategies. However, the coordinating function of associations is always of high importance – not only for the position of the industry, but also for data collection and for the provision of information for policymakers and regulatory authorities. In addition, the associations play a crucial role in initiating and steering joint activities.

At the end of each of the following association overviews under “Review Results” is described, what the Group has been doing to get the association to align more closely with the Paris climate goals and where it has led to changes. It is also shown, which Mercedes-Benz Group positions have a high congruence with the associations' key positions.

## 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 & competitive player.

[About ACEA - ACEA - European Automobile Manufacturers' Association](#)

### **Membership of board/executive committee**

#### **Ola Källenius**

(Chairman of the Board of Management of Mercedes-Benz Group AG)  
Member of the Board of Directors of ACEA

ACEA

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**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. There is no question for us about the need to decarbonise – the future of our planet is at stake. We are investing billions to make this happen – far more than any other sector.

[ACEA\\_FutureDriven\\_Manifesto.pdf](#)

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**Carbon-neutrality:**

“All the auto industry’s efforts are geared towards zero-emission mobility. Industry has sound proposals and solutions to make this transformation happen. Policies and regulations should align with and support the overarching goal of reaching zero-emission transport: in Europe and made in Europe.” (Sigrid de Vries, Director General of ACEA)

[The EU needs a holistic policy approach to zero-emission mobility – ACEA 2 European Automobile Manufacturers' Association](#)

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**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](#)

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**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 requests that the 2030 RED target for road transport outlined in Article 25 is made far more ambitious and looks well beyond 2030 along the pathway to climate neutrality as addressed by other proposals in the Fit for 55 package.

[ACEA\\_Position\\_Paper-RED-FQD.pdf](#)

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**Positions on  
climate-related  
policies**

**Carbon pricing:**

Emission trading systems (ETS) as a crucial part of the enabling policy framework:

- As part of a holistic policy approach and in line with science, an ambitious carbon price, which gradually increases to significantly higher levels than today, is crucial to drive the deployment of zero-emission technologies and adequately incorporate the total costs of CO<sub>2</sub> emissions.
- Carbon pricing should become a core element of EU decarbonisation policy in order to maintain Europe's competitiveness and support the transformation towards carbon-neutrality.

[ACEA\\_Position\\_Paper-ETS\\_road\\_transport.pdf](#)

The European Automobile Manufacturers' Association (ACEA) welcomes the European Parliament's decision to include road transport in the EU emissions trading system (EU ETS).

[EU ETS: Auto manufacturers welcome inclusion of road transport – ACEA – European Automobile Manufacturers' Association](#)

## Positions on climate-related policies

### GHG and fuel economy fleet regulations:

- The course is now officially set. Our industry welcomes the planning certainty that today's milestone brings, and is working at full pace to meet this momentous challenge.
- All ACEA members are firmly behind climate-neutrality by 2050, and are committed to reaching the 2035 zero-CO<sub>2</sub> target. We strongly believe that a technological-neutral approach – with widespread electrification at its core – is the best way to achieve climate goals.

[🔗 ACEA statement on adoption of regulation on CO<sub>2</sub> emissions for new cars and vans – ACEA – European Automobile Manufacturers' Association](#)

## Review results

- Based on the “Ambition 2039”, the Mercedes-Benz Group is intensively engaged in the position-making within the association regarding the legislative initiatives of the “Fit for 55” package of the European Commission's Green Deal.
- The Mercedes-Benz Group has constantly pushed for clear commitment on climate protection and ambition towards climate-neutrality on all levels of association work (board, sherpa, working groups).
- The overall analysis shows that in principle Mercedes-Benz Group positions have a high congruence with ACEA key positions.
- Mercedes Benz Group is focused on a strategy which targets a 100 % electrification in order to decarbonise mobility. Thereby, Mercedes-Benz Group is engaged for more progressive positions within the association on climate related policies.
- Since the success of electric mobility also crucially depends on the framework conditions such as sufficient charging infrastructure and clean energy, the Mercedes-Benz Group welcomes the upcoming report and revision of the CO<sub>2</sub>-regulation in 2026, which examines the market readiness and defines adequate measures to further improve it.
- Mercedes-Benz plans to be in a position to cater to different customer needs, whether it is an all-electric drivetrain or an electrified combustion engine, until well into the 2030s.
- In this context, the Group appreciates ACEAs engagement for setting a policy framework for enabling conditions for supporting the ramp-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** **Dimitrios Psyllakis**  
(CEO Mercedes-Benz USA)

**Positions on climate-related policies** **Paris Agreement:**  
No statement available

**Carbon-neutrality:**  
We stand ready to work with the Administration to define the bold, comprehensive vision and innovation that will place the U.S. at the forefront of creating a cleaner future for motor vehicle transportation. This transformation is greater than any one policy, branch or level of government, or industry sector. It will require a sustained holistic approach with a broad range of legislative and regulatory policies rooted in economic, social, environmental, and cultural realities. Such an approach will complement and amplify significant private sector resources that will accelerate a net-zero carbon transportation future. If we work without a comprehensive plan, our nation will fall short of this goal.

We are committed to the goal of net zero carbon transportation, and zero emission vehicles are critical to this goal.

[autosinnovate.org/posts/press-release/ev-policy-letter-to-president-biden](https://autosinnovate.org/posts/press-release/ev-policy-letter-to-president-biden)  
[autosinnovate.org/posts/testimony/minnesota-clean-car-rulemaking](https://autosinnovate.org/posts/testimony/minnesota-clean-car-rulemaking)

**Positions on  
climate-related  
policies****Transformation:**

“America’s transition to an electric and low-carbon transportation future is well underway. EV (Editor’s note: Electric Vehicle) and battery manufacturing is ramping up across the country because automakers have self-financed billions to expand vehicle electrification. There are now 91 EV models on the market – across all segments and price points. Electric vehicles were 10 percent of new vehicle sales in December, and automakers have invested billions in U.S.-based EV and battery manufacturing. I could go on about sales and product excitement. Remember this: a lot has to go right for this massive – and unprecedented – change in our automotive market and industrial base to succeed, especially as 284 million light-duty vehicles across the country (that average 12 years in age) remain on the roads. As of last year, EVs accounted for just over one percent of all light-duty vehicles. The question isn’t can this be done, it’s how fast can it be done, and how fast will depend almost exclusively on having the right policies and market conditions in place to achieve the shared goal of a net zero carbon automotive future.” (John Bozzella is president and CEO of Alliance for Automotive Innovation)

[autosinnovate.org/posts/blog/how-to-think-about-epas-new-greenhouse-gas-rules](https://autosinnovate.org/posts/blog/how-to-think-about-epas-new-greenhouse-gas-rules)

**Renewable energy:**

“Energy producers must also move in tandem to ensure that the new fuels are sourced from renewables and can be delivered affordably and at scale to our consumers and businesses. Automakers are committed to doing our share. Collectively, automakers have committed to investing more than \$330 billion to transforming cars and trucks to an exciting, electrified future. We believe electric vehicles powered by clean electricity, renewable hydrogen and other low- and net-zero carbon fuels will help deliver our contribution to our nation’s ambitious climate goals.” (Michael Hartrick, Auto Innovators)

<https://www.regulations.gov/comment/EPA-HQ-OAR-2021-0208-0571>

**Carbon pricing:**

No statement available

**Positions on climate-related policies**

**GHG and fuel economy fleet regulations:**

A vehicle tailpipe is regulated by three federal agencies and four sets of regulations. One vehicle overseen by competing, overlapping (sometimes conflicting) rules that aren't coordinated. It's expensive and complex and frankly why the country and automakers need a single national standard to reduce carbon in transportation through a streamlined regulatory structure.

At the very least, if an automaker complies with EPA's greenhouse gas emissions rules, they shouldn't be at risk of violating the Transportation Department's coming CAFE (Editor's note: Corporate Average Fuel Economy) rules and subject to significant civil penalties (that create no environmental benefit but do levy additional costs on consumers, workers and manufacturers).

EPA should get with CARB to ensure both programs are on the same wavelength and not creating unnecessary compliance burdens (that deliver no corresponding emissions reduction benefits).

[autosinnovate.org/posts/blog/epas-rules-are-out-of-whack-five-ways-to-fix-them](https://autosinnovate.org/posts/blog/epas-rules-are-out-of-whack-five-ways-to-fix-them)

**Review results**

- Based on the “Ambition 2039”, the Mercedes-Benz Group contributed to the position-making of the Auto Innovators association regarding climate-related policies to advance vehicle electrification and protect the environment and public health.
- Although Auto Innovators did not explicitly make a statement on the Paris Agreement, the association is fully committed to accelerate a net carbon-neutral transportation future.
- The analysis shows that in principle Mercedes-Benz Group positions are corresponding, and in some cases more ambitious such as EV ramp-up scenarios and emissions controls.
- The Mercedes-Benz Group will steer discussions in the association towards a stronger commitment to shift to net carbon-neutrality and continue support for complementary market programs that advance electrification.
- The Group is prepared to work with government agencies to identify more appropriate pathways and timelines that maximise technology development underway for the worldwide market.
- Mercedes-Benz Group is additionally supporting EPA's more stringent light-duty vehicle standards that would require gasoline particulate filters.
- Mercedes-Benz Group remains committed to achieving an all-electric future, and in doing so, reiterates that the Group seeks regulatory adjustments that support its transition and provide additional air quality improvements, while also addressing uncertainty, burden, and unnecessary costs.

# Germany: German Association of the Automotive Industry (VDA)

VDA

## Vision/purpose

Germany is where the automobile was invented – and this equally refers to the passenger car, the truck, and the bus. And it is here that it is being reinvented over and over again, with passion and with the art of engineering. Making mobility even safer, more efficient, more comfortable, and better for the environment.

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 and economic growth” | VDA](#)

### Positions on climate-related policies

#### 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.
- The generation of 100% renewable electricity and 100% renewable fuels for transportation for which direct electricity use is not possible – this also requires accelerated grid expansion at all levels.

[Fleet limit | VDA](#)

The minimum quotas for E-fuels in the Renewable Energy Directive (RED) should be significantly higher, even for the period after 2030. The agreement reached by the EU Commission, Council, and Parliament on the RED should have been much more ambitious. It only calls for a low level of at least 1% E-fuels (RFNBO) by 2030. Furthermore, there is still a lack of perspective for the period after 2030. Action must be taken, and a plan for the path to climate neutrality by 2050 must be presented.

[Brief \(vda.de\) – only available in German](#)



## Positions on climate-related policies

### Carbon pricing:

“An emissions trading system is the central guiding instrument for CO<sub>2</sub> reduction – this also applies to transport. An effective CO<sub>2</sub> price, based on a reliable volume limitation, can set clear investment signals and thus develop the entire transport sector towards sustainability. With a uniform price signal, all players in the supply chain, from raw materials to fuel to recycling, are equally involved in achieving the climate goals. Consumers also get a clear price signal. As a result, the ETS acts as an instrument for accelerating defossilisation along the entire value chain. Social hardship can be cushioned in a targeted manner.“ (Hildegard Müller, VDA President)

[Fit for 55 package: “Unique opportunity to become a global example of climate protection and economic growth” | VDA](#)

### 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.
- The future fleet limits must help to drive the transformation. However, it must be taken into account that the market success of electromobility currently varies greatly in different member states, which depends on a variety of factors, such as the very different conditions in terms of infrastructure and promotion, but also purchasing power and usage habits.

[Fleet limit | VDA](#)

## Review results

- Based on the “Ambition 2039”, the Mercedes-Benz Group is intensively engaged in the position-making within the association regarding the legislative initiatives of the “Fit for 55” package of the European Commission’s Green Deal.
- The overall analysis shows that in principle the Mercedes-Benz Group positions have a high congruence with VDA key positions.
- Mercedes Benz Group is focused on a strategy which targets a 100 % electrification in order to decarbonise mobility. Thereby, Mercedes-Benz Group is engaged for more progressive positions within the association on climate related policies.
- Since the success of electric mobility also crucially depends on the framework conditions such as sufficient charging infrastructure and clean energy, the Group welcomes the upcoming report and revision of the CO<sub>2</sub>-regulation in 2026, which examines the market readiness and defines adequate measures to further improve it.
- Mercedes-Benz plans to be in a position to cater to different customer needs, whether it is an all-electric drivetrain or an electrified combustion engine, until well into the 2030s.
- The Group welcomes VDA's call for setting a policy framework for enabling conditions for supporting the ramp-up of electric mobility.

# United Kingdom: Society of Manufacturers and Traders (SMMT)

## Vision/purpose

SMMT is the voice of the UK motor industry, supporting and promoting its members' interests, at home and abroad, to government, stakeholders and the media.

[About SMMT - SMMT](#)

The UK is open and primed for Net Zero by 2050. UK Automotive can and must be at the forefront of this green transformation.

[SMMT-Manifesto-2030-Automotive-Growth-for-a-Zero-Emission-Future.pdf](#)

The commitment of the automotive sector to be greener, cleaner and better remains undiminished.

[SMMT-Sustainability-Report-2023.pdf](#)

## Membership of board/executive committee

**Gary Savage**  
(CEO Mercedes-Benz UK Limited)

## Positions on climate-related policies

**Paris Agreement:**  
No statement available

**Carbon-neutrality:**  
"To develop a UK automotive ecosystem fit to deliver a zero emission future. An ecosystem which delivers a healthy market and vibrant domestic production footprint, founded on a resilient supply chain successfully evolved to meet current and future technological needs for a zero emission future. An ecosystem which delivers the affordability, mobility and charging solutions for everyone." (Mike Hawes, CEO SMMT)

The UK's future growth is net zero.

[SMMT-Manifesto-2030-Automotive-Growth-for-a-Zero-Emission-Future.pdf](#)

**Transformation:**  
The entire industry is committed to decarbonising industrial practices from well to wheel, but this is impossible without access to low cost, stable supplies of clean energy to maintain the sustainability and competitiveness of UK vehicle manufacturing.

[SMMT-Manifesto-2030-Automotive-Growth-for-a-Zero-Emission-Future.pdf](#)

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**Positions on  
climate-related  
policies****Renewable energy:**

Abundant renewable energy can unlock the clean technology revolution for business and consumers at this pivotal moment in the transition to zero emission. The UK's Carbon Budgets delivery of Net Zero depends on a rapid transition to zero emission vehicles, manufactured with, and powered by, clean energy.

[SMMT-Manifesto-2030-Automotive-Growth-for-a-Zero-Emission-Future.pdf](#)

In order to ensure the electricity used to power and produce zero emission vehicles by 2035 is as green as the new cars and vans themselves, government must mandate 100 % grid decarbonisation by 2035 and legislate for a binding target of 90 % of electricity to be generated from renewables under normal operation by 2035.

[SMMT-EV-Infrastructure-Position-Paper-FINAL.pdf](#)

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**Carbon pricing:**

No statement available

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**GHG and fuel economy fleet regulations:**

It is worth noting the mandate means the UK still retains the most ambitious transition timeline of any major market but without any private consumer incentives.

[SMMT statement on the Zero Emission Vehicle Mandate - SMMT](#)

Automotive is on track to deliver zero emission motoring, so we welcome this long-awaited consultation on a watershed regulation for the UK new car and van market.

[Zero Emissions Vehicle Mandate: the consultation begins - SMMT](#)

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#### **Review results**

- Based on the “Ambition 2039”, the Mercedes-Benz Group contributed to the position-making of the SMMT regarding climate-related policies.
- The Mercedes-Benz Group has constantly pushed for a clear commitment on climate protection and ambition towards climate neutrality on all levels of association work, which is reflected in the SMMT positions stated above.
- The analysis shows that in principle the Mercedes-Benz Group positions have as well a high congruence with SMMT key positions. The Group actively advocated for the prompt finalisation and subsequent adoption of the recently introduced VETs (Vehicle Emissions Trading Schemes) regulation, emphasising the importance of firm implementation dates and clearly defined targets to provide certainty to the industry.

#### **Framework for addressing misalignments**

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

If alignment proves unattainable or divergent from the Group's targets or climate-related positions, the Group actively asserts its position, separately.

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In the following chapter, the report describes the sustainability governance of the Mercedes-Benz Group and lists an extract of memberships in associations and organisations with influence on climate-related policies.

# Mercedes-Benz Group sustainability governance and memberships

# Management approach

## **Sustainability Competence of the Board of Management**

At the end of July 2023, the Supervisory Board decided to establish a cross-departmental management and coordination function for Group-wide sustainability management at the Board of Management level. Renata Jungo Brüngger took over the corresponding function of Sustainability Coordinator on August 1<sup>st</sup>, 2023. Her Board of Management central division is now called Integrity, Governance & Sustainability.



The establishment of a coordination function highlights the increasing regulatory relevance of sustainability and its fundamental significance for the company's success. With our multi-faceted approach to sustainability and ESG, it is important as a company to keep an eye on and manage all these pillars. The main objective of the coordination function is to ensure exactly that.

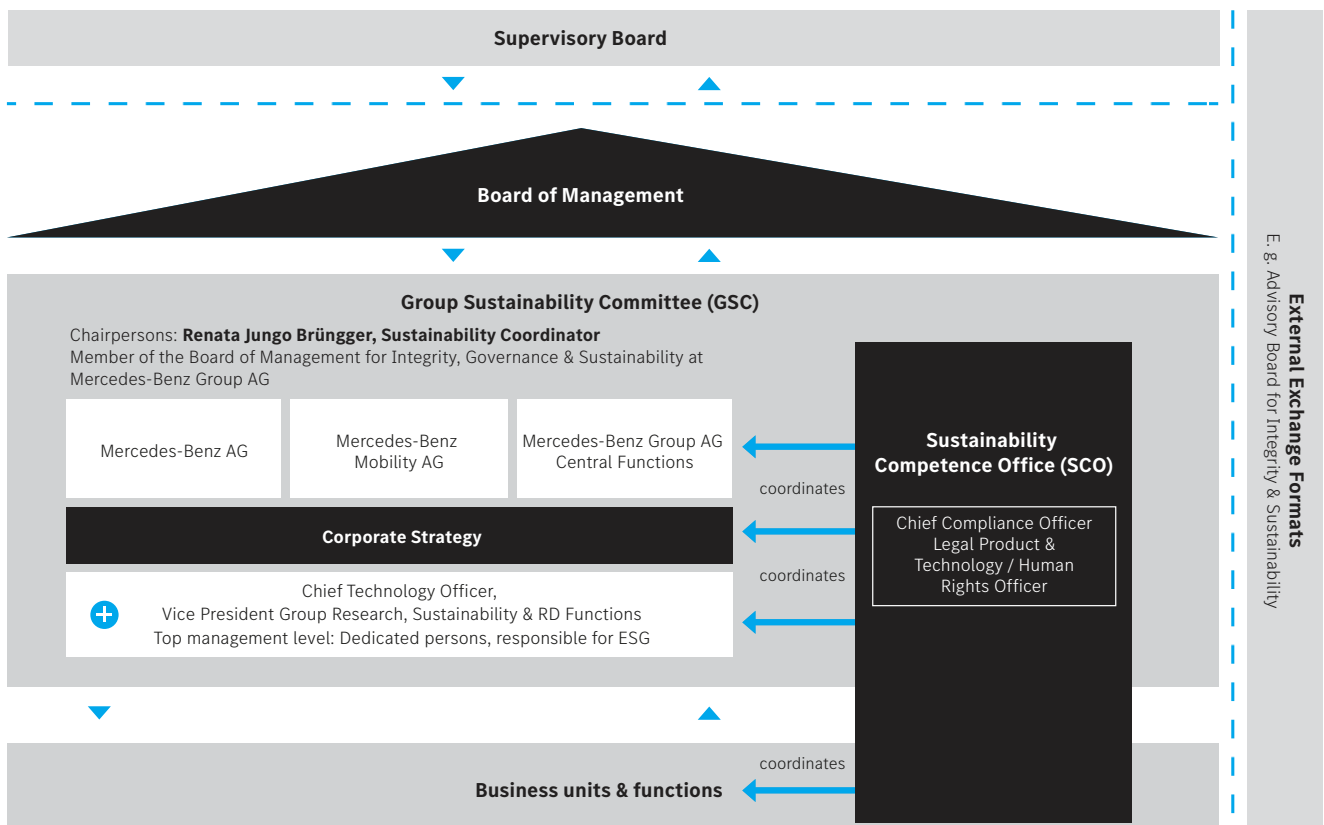
**Renata Jungo Brüngger** – Member of the Board of Management of Mercedes-Benz Group AG.  
Integrity, Governance & Sustainability



## Governance

The previous central management body for sustainability, the Group Sustainability Board (GSB), chaired by the two Board of Management members Renata Jungo Brüngger and Markus Schäfer, was replaced by the **Group Sustainability Committee (GSC)** in the reporting year. The new committee meets quarterly chaired by Renata Jungo Brüngger as Sustainability Coordinator. It is made up of representatives from top management and manages ESG issues holistically across departments, divisions and regions based on targets, KPIs and responsibilities. The members of the GSC first discuss selected sustainability-related topics and issues before submitting them to the Board of Management for decision-making. The members of the GSC are also responsible for the implementation of sustainability issues in their respective departments. With the new structure, the Mercedes-Benz Group is pursuing the goal of creating a leaner committee landscape, enabling more efficient decision-making processes and anchoring responsibility for sustainability issues even more firmly in the individual departments and divisions.

At the **Sustainability Coordination Meeting (SCM)**, the GSC engages in dialogue with representatives from all relevant departments and specialist areas. The SCM meets regularly on a fortnightly basis under the leadership of the **Sustainability Competence Office (SCO)**. This in turn advises and supports the specialist departments in implementing the tasks received from the Board of Management or GSC. The SCO also monitors the progress made with respect to the six areas of action and the three enablers defined in the sustainable business strategy. The results of the work carried out during the year are reported to the GSC and the Board of Management of Mercedes-Benz Group AG at least twice a year in the form of detailed scorecards.



Regular dialogue with experts from the national companies in existing networks was intensified. The **Sustainability Forum** dialogue format launched in 2020 is now firmly established and offers colleagues from the international subsidiaries a regular opportunity to find out about and exchange information on current developments at Group headquarters and in the markets. The forum focuses on information and dialogue on current developments in sustainable business strategy, sustainability goals and areas of action.

The **Advisory Board for Integrity and Sustainability** is a driving force for the Group's sustainability work. Its members are independent external experts from academia, civil society and business, including experts from the fields of environmental and social policy, transport and mobility development, as well as human rights and ethics. The members of the Advisory Board support the Mercedes-Benz Group constructively and critically in matters of integrity, sustainability and corporate responsibility. The Advisory Board meets several times a year under the leadership of the Board of Management member responsible for Integrity, Governance & Sustainability.

The **Supervisory Board of Mercedes-Benz Group AG** monitors the implementation of the sustainable business strategy. It is therefore important that it and its committees are appropriately informed about the relevant sustainability issues in the areas of environment, social affairs and governance. To ensure this, ESG topics are regularly addressed in the Supervisory Board meetings. ESG experts from different departments are consulted for this purpose. ESG-related topics were also discussed during the yearly strategy meeting of the Supervisory Board. In addition, the members of the management and supervisory bodies regularly discuss the progress made in implementing the sustainable business strategy with the Advisory Board for Integrity and Sustainability. On the part of the Supervisory Board, Dame Polly Courtice, among others, contributes her extensive expertise in the field of sustainability in various areas.

### **Alignment of positions**

The central coordinating body for dialog with national and international policymakers is the department of External Affairs. It is headquartered in Stuttgart and falls under the purview of the Chairman of the Board of Management. External Affairs shapes the relations of the Mercedes-Benz Group via a global network with offices in Berlin, Brussels, Beijing and Washington, as well as via representatives in the markets.

The department ensures that the positions shaping the Group's advocacy work are in line with the objectives and content of the sustainable business strategy of the Mercedes-Benz Group as well as with its guidelines and other public statements.

The aim is to provide Group-wide coordinated content for the representation of interests and to address target groups in a coordinated manner. The Head of External Affairs, Eckart von Klaeden, is a permanent member of the Group Sustainability Committee (GSC) and supports the Board's work on political issues. External Affairs also coordinates closely with the members of the Board of Management and specialist units on all advocacy issues. For this purpose, the department organises meetings of the so-called Governmental Affairs Committee for various Board of Management divisions. The meetings are held several times a year and on an ad-hoc basis.

 [Mercedes-Benz Group Sustainability Report 2023](#)

### **Strengthened credibility through transparency on advocacy**

The Mercedes-Benz Group is convinced that the public has a right to know about the decision-making processes and that companies which position themselves transparently are more successful than others in the medium and long term. That is also how they can make the biggest contribution to the community.

With the legally required registration in the German Lobby Register, Mercedes-Benz Group AG is obliged to comply with the Code of Conduct for Lobbying under the Lobby Register Act in addition to its own lobbying principles. The company will also comply with the new requirements arising from the amendment to the German Lobby Register Act as of March 1<sup>st</sup>, 2024. Mercedes-Benz Group AG is also enrolled in the Transparency Register of the Baden-Württemberg state parliament. Entries in other Transparency Registers at federal state level are currently being reviewed. Of course, the Mercedes-Benz Group is also registered in the EU Parliament's Transparency Register and has created additional transparency by accrediting its political representatives. In this way, it can transparently inform the parliamentary groups about its issues, as well as about the resources and players involved in safeguarding its interests.

The Mercedes-Benz Group also uses its own “Mercedes-Benz Group Climate Policy Report” to provide information about its political positions. The Mercedes-Benz Group publishes further information about its position on relevant, strategic issues affecting its stakeholders on the Group website. Here, too, it adheres to the principles of transparent representation of interests. The Mercedes-Benz Group makes it clear to political decision-makers and dialogue partners what, at first glance abstract, political decision can mean in concrete terms for the automotive industry, the Group's products and services, locations and employees. This requires a clear positioning on the relevant topics, which are accessible to everyone under the “Advocacy” tab on the corporate website. The political positions on the Group website were updated in the reporting year. The website currently contains the five subject areas of transparency, climate protection, digitalisation, trade and investment and e-mobility with links to the corresponding position papers. The topic-spectrum ranges from new emission standard EU7 and CO<sub>2</sub> pricing to connected driving and comprehensive charging infrastructure as a critical success factor for electric mobility.

Companies today are rightly expected to focus not only on their immediate core tasks, such as generating profits, research and development, or employment. As good corporate citizens, they have a social responsibility that goes beyond. To meet the company's socio-political responsibility, the Group cooperates with the Wittenberg Center for Global Ethics on “Corporate Political Responsibility” and is in ongoing exchange on this issue.

[Mercedes-Benz Group > Responsibility > Advocacy \(Mercedes-Benz: How to be a responsible advocate for corporate interests | Mercedes-Benz Group > Responsibility > Advocacy\)](#)  
[Lobbyregister German Bundestag](#)  
[Transparenzregister Landtag Baden-Württemberg](#)  
[Transparency Register \(europa.eu\)](#)  
[Mercedes-Benz Group Sustainability Report 2023](#)



### **Media work plays an important role to make political positions on environmental issues transparent to the public**

When it comes to advocacy, media work for Mercedes-Benz Group also plays an important role. The Group makes its political positions on transformation and environmental issues transparent to the public, for example through interviews in a variety of media outlets or via social media. It also regularly informs journalists in background formats about its own advocacy activities on climate protection issues that are relevant to the transformation of the Group. In 2023, background talks were held with relevant news agencies and business media. In addition, there are regular media roundtables on current topics, i.e. the regulatory framework conditions shaping the Group's transformation.

- Social-Post LinkedIn & Twitter Corporate Political Responsibility:

[🔗](#) Posten | LinkedIn; (20) Mercedes-Benz on X: "Driving positive change together: Dialogue with political decision-makers is crucial for aligning societal and corporate interests. Discover our positions on important issues on our website: <https://t.co/wm4oHXZ33i> <https://t.co/096x1xVMur>" / X (twitter.com)

- Social-Post LinkedIn & Twitter Charging:

[🔗](#) (1) Posten | LinkedIn; (20) Mercedes-Benz on X: "On our way to an all-electric future, public charging is crucial for the successful market ramp-up of #emobility. Politics should create the right conditions for the quick build up. We are demonstrating our commitment by building our own worldwide charging network. #MercedesBenz <https://t.co/1YGp7VkYeK>" / X (twitter.com)

- Social-Post LinkedIn Ola Källenius concerning Rock Tech & Green Deal Industrial Plan:

[🔗](#) (1) Posten | LinkedIn

# Memberships

In the following, an extract of memberships in associations or organisations is listed which Mercedes-Benz Group evaluates as particularly influential on climate-related policies. A comprehensive list of memberships is publicly available in the Mercedes-Benz Group Sustainability Report.

[Mercedes-Benz Group Sustainability Report 2023](#)

<b>Name</b>	<b>Membership/ support since</b>	<b>Sphere of action</b>	<b>Founding groups and main partners</b>
Global Reporting Initiative (GRI)	2006	Worldwide	Founded by Ceres & UNEP; supported by a broad network of companies, civil society players, public agencies, scientists, consultancies, etc.
United Nations Global Compact	2000	Worldwide	Former Daimler AG was a founding member. An UN initiative for promoting human rights, working standards, environmental protection and the prevention of corruption; the worldwide participants are companies and organisations from civil society and the fields of politics and science.
UN Global Compact Network Germany	2000	Germany	Network of German Global Compact members, coordinated by GIZ.
World Business Council for Sustainable Development (WBCSD)	2013	Worldwide	Founded in 1992 in the run-up to the Rio Earth Summit with the aim of anchoring the concept of sustainable development in the business world; the WBCSD is run by its member companies; members are almost 200 companies from various sectors.
Alliance for Automotive Innovation (AAI)		USA	Automobile Manufacturers Association.
Federation of German Industries (BDI)		Germany	Umbrella organisation of the German industry and industry-related service providers in Germany.
European Automobile Manufacturers' Association (ACEA)	1974	EU	ACEA represents the interests of 18 European car, truck and bus manufacturers at the EU level.
European Round Table (ERT)	2020	Europe	A network of European companies in the manufacturing and technology sectors.



Japan Automobile Importers Association (JAIA)		Japan	Association of Japanese automobile Manufacturers.
Korea Automobile Importers & Distributors Association (KAIDA)		South Korea	Association of Korean auto importers and distributors.
Society of Manufactures and Traders (SMMT)		UK	Association of UK automotive industry.
German Association of the Automotive Industry (VDA)	1954	Germany	More than 600 companies that are active in production for the automotive industry within the Federal Republic of Germany are organised in the VDA; as a representative of this key sector of the German economy, the VDA maintains a lively dialogue with industry, the public, policymakers and customers.
Responsible Supply Chain Initiative (RSCI)	2021	Worldwide	The German Association of the Automotive Industry (VDA) together with 14 other founding members founded the association "Responsible Supply Chain Initiative RSCI". Together with manufacturers, suppliers and other associations, the VDA is developing a standardised testing mechanism for evaluating the sustainability performance of companies in automotive supply chains.
Initiative for Responsible Mining Assurance (IRMA)	2020	Worldwide	Multi-stakeholder initiative with equal participation from six sectors: mining, manufacturing industry, civil society, trade unions, investors, affected population.
Energy Resilience Leadership Group (ERLG)	2023	Europe	ERLG brings together climate tech startups with CEOs from industry, policymakers and the financial sector to identify, implement, and accelerate clean energy projects.
Climate Pledge	2020	Worldwide	An association of companies with a voluntary commitment to be CO <sub>2</sub> -neutral by 2040 – ten years ahead of the 2050 target agreed in the Paris Agreement.
Transform to Net Zero	2020	Worldwide	Initiative by Microsoft – brings together renowned companies to promote the decarbonisation of the economy and society.
World Wide Fund for Nature (WWF) Germany	1974	Germany	International nature conservation and environmental protection organisation.

**Forward-looking statements:**

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

**Contact:**

Renata Jungo Brüngger – Member of the Board of Management of Mercedes-Benz Group AG. Integrity, Governance & Sustainability  
Eckart von Klaeden – Head of External Affairs, Mercedes-Benz Group AG  
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