

# Mercedes-Benz Group Climate Policy Report 2022

Mercedes-Benz Group



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# Foreword

# Dear readers,

In March 2023, the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) has been published. It makes clear once again: Dealing with climate change is one of the most urgent tasks of our time. However, it also shows that with intensive efforts it is still possible to limit the acceleration of global warming.

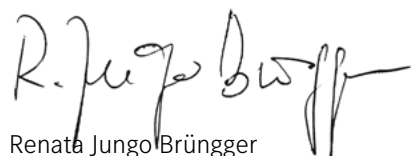
We at Mercedes-Benz Group want to do our part – and take responsibility for the environment in which we operate. As a global player in the transport sector, we support the Paris Climate Agreement and are convinced of its goals. We have set ourselves the target of making our fleet of new passenger cars net carbon-neutral along the entire value chain by 2039 – eleven years earlier than EU legislation stipulates. The corresponding goals and value chain stages can be found in this Climate Policy Report.

The IPCC report also emphasizes the connection between climate, nature and social aspects. One thing is clear: For effective climate protection and dealing with climate change, all three aspects must be taken into account. This is what we aim to do as Mercedes-Benz Group with our holistic, sustainable business strategy. Our aim is to create added value for all stakeholders – today and in the future. The transformation towards net carbon-neutral mobility must go hand in hand with clean supply chains and respect for human rights. The right governance supports us in this regard, for example with our Mercedes-Benz Human Rights Respect System. This due diligence approach is a standout example of our ambition to proactively protect human rights, both in our own entities and in our global supply chains – from the mine to the Mercedes-Benz, so to speak.

All this requires collective action and broad collaboration – inside and outside the company. That is why we are always striving to join forces with our employees, other companies, politics, science and civil society, in order to coordinate efforts and to increase impact. And that is why we are also constructively involved in political and societal debates at an early stage, and engage intensively with our stakeholders.

Net carbon-neutral and fair manufactured products are one thing. But we also want to make a positive contribution beyond our specific business activities. The focus of our new Corporate Citizenship strategy, for example, is on projects that strengthen ecological sustainability and social cohesion. Since the beginning of the year, we have been funding the global fellowship programme “beVisioneers” with donations. This programme was developed and is implemented by an independent non-profit organisation and will help thousands of young people from all over the world to implement projects in the areas of environmental protection and decarbonisation. With up to 1,000 scholarship holders annually, the goal is to create a broad social movement for dealing with climate change and social cohesion – and close the ranks across generations.

If you are interested in further details on these topics, which are closely linked to our efforts to achieve net carbon-neutrality by 2039, we recommend that you also take a look at our Sustainability Report 2022. First of all, however, we wish you an interesting read of the Mercedes-Benz Group Climate Policy Report 2022.



Renata Jungo Brüngger

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## **Mercedes-Benz Group Climate Policy Report 2022**

The updated report contains an introduction on geopolitical impacts on Mercedes-Benz Group's climate protection strategy. It describes the Group's positions on different climate-related policy items, followed by activities, which serve as proof points for the irrevocable commitment on climate protection. A further chapter is dedicated to review positions of industry associations towards climate-related policy items and how those 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 2022 the Group wants to be transparent about its positions and activities demonstrating its commitment to the climate protection goals.

# Introduction

# Geopolitics: Challenge and chance for climate protection

Each year, the Mercedes-Benz Group publishes a Climate Policy Report in which we present a detailed review of our contribution to net carbon-neutral mobility and our according advocacy activities. The report underlines the importance that we as a global company attach to the fight against climate change and global warming.

This fight has made significant progress in recent years and months. A crucial step so far has been to achieve the overall consensus that climate change is not only real and man-made, but must also be countered with concerted efforts. The agreement that broadly exists among governments, civil societies and businesses is the precondition for successfully limiting global warming.

The Mercedes-Benz Group aligns its sustainable business strategy with the cause – by electrifying its product portfolio, transforming its production network for an all-electric age, investing in its own global high-power charging network, and making its entire value chain net carbon-neutral. Detailed measures are described in the following chapters of this report.

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However, despite the recent progress, we note that the “green transformation” – in itself a Herculean task – is taking place under increasingly complex and difficult conditions. For it comes at a time when the transformation of the fossil economy to a CO<sub>2</sub>-neutral economy may be a tremendous transformation, but it certainly is not the only one. Rather, it coincides with two other monumental processes of change:

- **A departure from globalisation** as we have known it over the past 25 years, and the emergence of a new global economic order.
- **The disintegration of the European security order**, which has been turned upside down by Russia’s invasion of Ukraine.

The coincidence of these challenges constitutes the enormous change that the world is currently undergoing. These processes do not take place in parallel and in isolation from each other – rather they interact: they condition, accelerate and reinforce each other.

**There is a clear shift away from globalisation.** The departure from globalisation as we have known is leading to disruptions and uncertainties in the global economic order. This represents a major challenge, in particular for companies that operate globally. This process is best described by the buzzword “decoupling” and mainly driven by the rivalry between the two superpowers: US and China. Another driver comes from the lessons that companies and countries learned during the pandemic and the war in Ukraine: to strengthen resilience and reduce unilateral dependence.

The political rationale for some of the measures may be debatable; what is indisputable is that this process costs economic efficiencies and ultimately limits opportunities to create value – value that is needed for the green transformation and economic development in the world. Increasing uncertainty in the supply of raw materials, hurdles in building resilient supply chains and doubts about the reliability of suppliers which could be targeted by export controls or sanctions at any time are some of the challenges that companies face on a daily basis. These disruptions limit the operational and financial capacities of businesses. They thus impede innovations that are required for the transformation to a CO<sub>2</sub>-neutral economy.

Under these conditions, decarbonisation becomes a double mammoth task for states and companies alike.



**Russia's invasion of Ukraine** poses yet another burden in this regard. At first glance, the Russian attack seemed to impose military, humanitarian and economic costs solely on Ukraine and Europe. However, the weeks and months that followed proved that these consequences go much further – causing a food crisis, especially in many African states, and a rise in energy prices as well as inflation in many parts of the world.

While Ukraine keeps pushing back against the Russian invasion, an economic test of strength is taking place between Russia and the West. Its outcome is still uncertain. The sanctions that Western states have jointly imposed on Russia in response to the war of aggression play a central role in this, and not only for Russia's economy.

These geopolitical challenges, however, do not change or reduce the absolute necessity for all industrial players to participate in the effort of decarbonisation. The risks of rising temperatures and the resulting environmental catastrophes will impose an even higher risk of discontinuation for operating businesses in the future.

Hence, looking at this epochal change, it becomes obvious that the challenges, especially for the German export-oriented economy, have never been as numerous and complex as they are today. Maintaining the economic viability and competitiveness of these companies while meeting the national and European goal of climate neutrality remains a key task not only for companies but also for policy makers. It is in the EU's own interest to ensure a strong and competitive economy that can contribute to the green transformation. Therefore, a prudent and considerate cooperation between politics and business that is effective but also leaves entrepreneurial freedom is more important than ever.

Nonetheless, despite all the red flags we are also seeing promising signs associated with chances. While the geopolitical developments described above may increase the costs of the green transformation, they also accelerate it. And against all odds, great progress has been made in climate-friendly technologies. Thanks to political determination, growing social awareness and corporate commitment the costs of renewable energy have fallen to such an extent that green energy technologies have become cost-competitive for companies. For the first time, in 2022 investment in this sector exceeded investment in fossil fuels.

This is a turning point that must give courage to all who believe in the power of the (social) market economy. The mammoth task of the green transformation can be accomplished despite all adversities – if politics, society and business work together in a smart and respectful way. The Mercedes-Benz Group is firmly determined to contribute to this endeavor in a committed and transparent way and – as shown in the following chapters of this report – consistently aligns its advocacy activities with this conviction.

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

# 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 its own products and production locations, but also encompasses the Mercedes-Benz Group’s upstream and downstream value chain. The Group’s sustainable business strategy ensures that sustainability issues are firmly embedded in daily business activities – in this way, the Mercedes-Benz Group intends, among other things, to fulfil the demands and expectations of its stakeholders: customers, employees, investors, business partners, non-governmental organisations and society as a whole. One of the most important transformation goals of the Mercedes-Benz Group is decarbonisation. The Group has firmly established this topic in its sustainable business strategy. At the Mercedes-Benz Group, the goal is reflected in its “Ambition 2039” and in the “Electric only” approach: by the end of this decade, the Group intends to be all-electric wherever market conditions allow. The entire fleet of new passenger cars and vans is to become net carbon-neutral across all stages of the value chain until 2039.

### The electrification roadmap

## Our electric product rollout is running at full speed with nine electric models on the road and more to come

Since 2022 we offer an **all-electric alternative in every segment** we serve

By 2025, our customers will be able to choose an **all-electric alternative for every model** we make

It’s our ambition to drive the **plug-in hybrid & BEV share up to 50% by mid-decade**

By the **end of the decade**, we aim to be ready to go **all-electric** where market conditions allow

2019



EQC<sup>1,3</sup>

2020



EQV

2021



EQA

EQB

EQS

EQE

2022



EQS SUV



EQE SUV



EQT<sup>2,3</sup>

<sup>1</sup> EQC 400 4MATIC, WLTP: combined electrical consumption: 21.9-19.4 kWh/100 km; combined CO<sub>2</sub> emissions: 0 g/km

<sup>2</sup> WLTP: combined electrical consumption: 18.99 kWh/100 km; combined CO<sub>2</sub> emissions: 0 g/km

<sup>3</sup> Electric energy consumption and range were determined on the basis of Regulation (EU) 2017/1151

#### Statements regarding electricity and fuel consumption and CO<sub>2</sub> emissions:

The consumption was determined on the basis of the regulation 2017/1151/EU. Further information on official fuel consumption and on the official specific CO<sub>2</sub> emissions of new cars can be taken from

[Leitfaden über den Kraftstoffverbrauch, die CO<sub>2</sub>-Emissionen und den Stromverbrauch neuer Personenkraftwagen](#)

[group.mercedes-benz.com/dokumente/investoren/presentationen/mercedes-benz-ir-fixedincomepresentation-fy-2022.pdf](https://group.mercedes-benz.com/dokumente/investoren/presentationen/mercedes-benz-ir-fixedincomepresentation-fy-2022.pdf)

The Mercedes-Benz Group has set ambitious goals for itself and has defined six strategic fields of action in which it intends to achieve them. The strategic goals are closely aligned to the UN Sustainable Development Goals (SDGs) – especially SDGs 8, 9 and 11 to 13 – among other factors. In addition, they take into account recognised international frameworks and the requirements of external and internal stakeholders, as well as global trends. The group-wide action fields and areas of responsibility, along with business-specific targets, processes and measures, are derived from this analysis. The Mercedes-Benz Group undertakes periodic materiality analyses. It uses these as the basis for a discussion of the current fields of action and an assessment of the need for updates.

[sdgs.un.org/goals](https://sdgs.un.org/goals)

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

- **Climate protection and air quality:** Plans call for the Mercedes-Benz new vehicle fleet to be net carbon-neutral across the entire value chain by 2039 and to no longer have any relevant impact on NO<sub>2</sub> levels in urban areas by 2025.
- **Resource conservation:** The Mercedes-Benz Group wants to decouple resource consumption from business volume growth.
- **Sustainable urban mobility:** The Mercedes-Benz Group wants to contribute to the improvement of the quality of life in cities through its leading mobility and transport solutions.
- **Traffic safety:** The Mercedes-Benz Group is working to make its vision of accident-free driving a reality as it develops automated driving systems while also taking social and ethical issues into account.
- **Data responsibility:** The future of the Mercedes-Benz Group consists of sustainable, data-based business models. With these business models, it focuses on the needs of its customers and the responsible handling of data.
- **Human rights:** The Mercedes-Benz Group has assumed responsibility for respecting and upholding human rights along its automotive value chain.

[Mercedes-Benz Group Sustainability Report 2022](#)

## Areas of action



## Enabler



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, or principles, that are crucial for achieving success in the six areas of action: **integrity, partnerships** and **people**.

# Materiality and goals

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

Target horizon	Targets
<b>Climate protection in vehicles and services</b>	
2022	Mercedes-Benz offers battery-electric vehicles (BEVs) in all segments where the brand is represented
By mid-decade	Increase the share of plug-in hybrids and all-electric vehicles to up to 50 % <sup>1</sup>
2025	All new vehicle architectures are electric
2025	There is an all-electric alternative for every model offered by Mercedes-Benz
By the end of this decade	Mercedes-Benz is all-electric – wherever market conditions allow
By the end of this decade	Reduction of the CO <sub>2</sub> emissions per car in the new vehicle fleet by at least 50 % along all stages of the value chain <sup>1,2</sup>
2039	A fleet of new Mercedes-Benz vehicles that are net carbon-neutral along all stages of the value chain
<b>Climate protection in the supply chain</b>	
2039	Mercedes-Benz plans to procure only net carbon-neutral production materials
<b>Climate protection in production</b>	
2022	Net carbon-neutral production in company-owned Mercedes-Benz production plants worldwide
2030	Reduce CO <sub>2</sub> emissions in the Mercedes-Benz plants (Scope 1 and 2) by 50 % <sup>3</sup>
2030	Increase the share of the energy requirement in own Mercedes-Benz production plants which is met through renewable energies: <ul style="list-style-type: none"> <li>• Cars 70 %</li> <li>• Vans 80 %</li> </ul>

<sup>1</sup> When market conditions allow.

<sup>2</sup> Compared to 2020, based on the entire value chain.

<sup>3</sup> Compared to 2018.

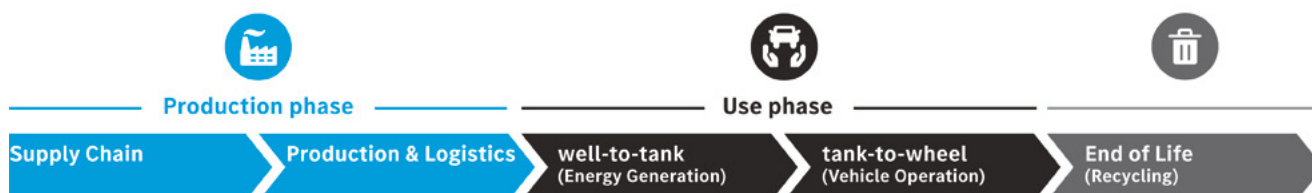
# Net carbon-neutrality along the value chain

As a player in the transport sector, the Mercedes-Benz Group supports the Paris Climate Agreement: The Group is convinced of the objectives of the agreement, and has made climate change mitigation a core element of its sustainable business strategy. The ambition: By 2039, the entire Mercedes-Benz new vehicle fleet is to become net carbon-neutral across all stages of the value chain.

To achieve this, the Mercedes-Benz Group is transforming its products and the services, which are the mainstay of its business. The Group is equally ambitious in driving forward climate protection in all lifecycle phases of its automobiles and mobility solutions – from the supply chain and its own production to the use and disposal of the vehicles. The Mercedes-Benz 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.

The Group's goal is to at least reduce CO<sub>2</sub> emissions by 50 % per passenger car along the entire value chain by the end of this decade, compared to 2020<sup>1</sup>. The most important levers for achieving this goal are electrification of the vehicle fleet, charging with green electricity, improving battery technology, the decarbonisation of the supply chain and extensive use of renewable energies in production. The Mercedes-Benz Group underlined its corporate goal of improving the framework conditions for decarbonising the economy and society worldwide by joining the initiatives “The Climate Pledge” and “Transform to Net Zero” in 2020.

## Net carbon-neutrality along the value chain



## Climate Transition Action Plan

In addition to the Mercedes-Benz Group Sustainability Report and the Mercedes-Benz Group Climate Policy Report, the Mercedes-Benz Group publishes its first action plan for decarbonisation in 2023. 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 – 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](#)

<sup>1</sup> When market conditions allow.



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This section describes Mercedes-Benz Group positions on important climate-related policies.

[group.mercedes-benz.com/company/advocacy/](https://group.mercedes-benz.com/company/advocacy/)

# Mercedes-Benz Group positions on climate- related policies



# Position on the Paris Agreement

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. The aim is to make the entire new vehicle fleet net carbon-neutral across all stages of the value chain by 2039. In order to reach this goal the Group is implementing various measures and projects to ensure that its entire value chain becomes net carbon-neutral.

As part of its sustainable business strategy, the Group is making its contribution to reducing CO<sub>2</sub> emissions and supporting political efforts to protect the climate. The Group is convinced that the climate targets can only be achieved through collective action and dialogue based on partnership between politics, business and civil society. Politicians are called upon to set the framework conditions.

By signing the “Declaration on Zero Emission Cars and Vans” at the 26th UN Climate Change Conference of the Parties (COP26) in November 2021, the Mercedes-Benz Group, along with other companies, cities and governments, has committed itself to net carbon-neutral transport and accelerating electrification.

# Position on net carbon-neutrality

With its “Ambition 2039”, Mercedes-Benz aims to achieve net carbon-neutrality in less than 20 years. In doing so, the Group takes into account the entire value chain, including its partners and suppliers.

An all-electric vehicle fleet – with this vision the Mercedes-Benz Group is committed to contribute to climate protection and air pollution control. It is a core element of its sustainable business strategy.

While the Mercedes-Benz Group is directly responsible for some areas of action, such as the electric vehicle portfolio and the reduction of CO<sub>2</sub> emissions at its production sites, there are also areas of responsibility that the Group can only partially influence directly. This includes, for example, the energy mix in the use phase of the vehicles or in the country of origin of the purchased components.

The transformation to electric mobility will impact the whole value chain of a vehicle, and especially increase the energy demand in the upstream supply chain. As there are parts of the value chain the Group cannot influence directly, the Mercedes-Benz Group is working with its partners on implementing effective climate protection measures in the supply chain for net carbon-neutrality.

The starting point of the collaboration is the creation of transparency in the supply chain. In individual cases, complex lifecycle assessments are suitable for identifying the need for action. Due to the complexity of the lifecycle assessment methodology, however, the Group does not currently see that a regulation based on a lifecycle assessment is expedient.



## Position on transformation

The transformation of transport will lead to a full electrification of vehicles. Although all newly launched architectures are planned to be all-electric from 2025 onwards, in the current stadium of the transformation the transition technology of plug-in hybrids and low-emission internal combustion engines still play a substantive role. For the full electrification of vehicles the availability of charging infrastructure is very important. The market ramp-up of electric vehicles and the development of a charging infrastructure are progressing steadily. However, the number of vehicles is growing much faster than the available number of charging points. For customers, the national and international availability of an area-wide charging infrastructure and especially on main roads is decisive for the use of electric vehicles. This should be taken into account, as the success of electric mobility is essentially dependent on user acceptance.

The Mercedes-Benz Group is contributing to the market ramp-up of electric mobility, which is why it is also calling for future-oriented framework conditions in order to meet the current challenges by offering its customers the most desirable vehicles and investing in a global high-power charging network itself.

- Simplification of authorisation procedures: An important measure to quickly expand the charging infrastructure is the simplification of the approval procedures. In particular, faster approval of grid connections is crucial to success.
- Focus on high-power charging networks: The focus of the construction should be on fast charging stations with high charging capacity. This applies in particular along motorways, but also for inner-city charging hubs, as user acceptance is particularly high here. High-power charging networks are therefore an important building block for the success of electric mobility.
- EU-wide framework for a customer-centric ecosystem: Charging for customers should be made easy and convenient. Policymakers should create appropriate framework conditions for a customer-centric ecosystem. These include the obligation to roam, non-discriminatory access, interoperability and easy payment.

## Press statement on the European Parliament's decision in June 2022 to ban new cars with combustion engines from 2035 on



In principle, we welcome the decision [by the European Parliament]. By 2030, we will be ready to go all-electric wherever market conditions allow. However, the resolution obliges politicians to provide the necessary infrastructure. Decisive for the success of climate protection in transport is the acceptance of the new and not the ban on traditional technologies.

Mercedes-Benz Group press statement on June 8, 2022:

[VW und Mercedes begrüßen geplantes Verbrenner-Aus | Automobilwoche.de](#)

## Positioning on renewable energies and green production

Renewable energies make a significant contribution on the way to a net carbon-neutral vehicle fleet. Specifically, the Mercedes-Benz Group is concerned with net carbon-neutral production at its own production plants worldwide and along the entire value chain, as well as with the net carbon-neutrality of vehicles in the use phase.

The Mercedes-Benz Group already produces net carbon-neutral in its own plants worldwide and also purchases electricity in Germany that comes exclusively from renewable sources – sun, wind and hydropower. In addition, by 2030 the Group plans to cover more than 70 percent of its energy demand – including electricity as well as gas and district heating – in its own Mercedes-Benz production plants worldwide by renewable energies. This goal is to be achieved through the expansion of solar and wind energy at the company's own sites and through additional power purchase agreements. Up to 2025, the Mercedes-Benz Group will make further investments to continue the expansion and installation of photovoltaic systems (PV systems) at more than 50 locations around the world. The installation of PV systems is already in progress at the German locations in Rastatt, Bremen, Hamburg, Köllda and Sindelfingen; other sites in the company's global production network will follow, including Kecskemet (Hungary) and Tuscaloosa (USA). The energy mix is supplemented by electricity from hydropower plants.

The Mercedes-Benz Group therefore welcomes regulations that accelerate the expansion of renewable energies and enable the electrification of transport with a growing share of green electricity. The expansion of renewable energies must continue to gain momentum. The Group therefore welcomes all political activities worldwide that promote the transformation of the energy sector.

# Position on carbon pricing

The Mercedes-Benz Group sees CO<sub>2</sub> pricing as an important policy instrument on the way to climate neutrality. According to the World Bank, there are already over 60 established initiatives and legal frameworks worldwide that cover more than 20% of total CO<sub>2</sub> emissions. The Mercedes-Benz Group supports regulatory measures on pricing mechanisms, which take into account ensuring global competitiveness.

A distinction is made between two types of CO<sub>2</sub> price mechanisms: CO<sub>2</sub> taxation systems and CO<sub>2</sub> emissions trading systems. This means that the CO<sub>2</sub> price can be set directly by the state through a CO<sub>2</sub> tax and indirectly through an emissions trading system with a market for emission rights. In this way, the price signal to the CO<sub>2</sub> emitter is intended to provide an economic incentive for behavioral changes. The Mercedes-Benz Group considers these pricing mechanisms as expedient for decarbonising the economy. Thereby it is essential to focus on feasible measures to strengthen regional mechanisms for CO<sub>2</sub> pricing in the short term and at the same time to establish a global emissions trading system in the long term.

- Expansion and strengthening of regional mechanisms: The Mercedes-Benz Group considers it sensible to rapidly expand and strengthen the existing regional mechanisms for CO<sub>2</sub> pricing. The CO<sub>2</sub> price must be high enough to generate steering effects on investments in future technologies and energy efficiency. In addition, the social and economic effects of tightened CO<sub>2</sub> pricing mechanisms, as for example increasing energy costs, 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 volume-based global emissions trading system that should cover as many sectors as possible, such as energy, industry, transport, buildings, agriculture. Due to its complexity, the Mercedes-Benz Group considers such a policy measure to be a long-term option. The advantage would be to find the most economically advantageous solution with this instrument.



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

GHG and fuel economy fleet regulations are effective regulatory tools to reduce CO<sub>2</sub> emissions of new vehicles. They also stimulate portfolio shifts towards low and zero CO<sub>2</sub> emission vehicles. However, such fleet regulations may not be seen as stand-alone solutions. Instead, they are an important part of a broader regulatory environment, because of the following general rule: Effective and ambitious fleet regulations must be complemented by coherent policy measures such as promoting the development of charging infrastructure and the expansion of renewable energies. In addition, other framework conditions such as fiscal and non-fiscal incentives are needed in order to ensure that mobility remains affordable. The Mercedes-Benz Group therefore strongly favours a political and regulatory framework that accelerates the transition to net carbon-neutral mobility. This also includes gradually integrating the transport sector into the emissions trading.

As effective regulatory instruments for reducing emissions from new vehicles, CO<sub>2</sub> and fuel consumption regulations for fleets make an important contribution. For the manufacturer, they form a predictable regulatory framework for the new vehicle fleet and thus for the successive conversion of the vehicle fleet to vehicles with low or zero CO<sub>2</sub> emissions in operation. The Mercedes-Benz Group considers fleet regulations in conjunction with coherent and comprehensive political measures to design resource-efficient logistics concepts to be expedient.

The implementation of the CO<sub>2</sub> new car fleet regulation must be supported by accompanying political measures:

- Development of charging infrastructure and availability of renewable energy: Effective and ambitious fleet management needs to be complemented by coherent policies to promote the deployment of charging infrastructure and the roll-out of renewable energy.
- Tax and non-fiscal incentives to accelerate the electric vehicle ramp-up: Financial support for the acquisition of the new technology has a positive effect on customers' purchasing decisions. In view of the accelerated ramp-up of electric mobility for example in Germany, battery-electric vehicles should continue to be promoted for the foreseeable future when purchased and used compared to conventionally powered vehicles.
- Integration of the transport sector into emissions trading: Another measure in connection with fleet laws is the gradual integration of the transport sector into emissions trading. This should be the leading regulatory instrument for the decarbonisation of transport in the future, as this instrument achieves the most economically advantageous solution.

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In the following, some of the Mercedes-Benz Group's most important climate-related activities and proof points like advocacy events, engagement in initiatives and sustainable technologies are described. Each of them underlines full 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 2022.

[🔗 Mercedes-Benz Group Sustainability Report 2022](#)

# Mercedes-Benz Group climate policy-related activities and proof points



Without sustainability, there are no sustainable returns. Not only customers and employees demand corporate responsibility for people and the environment, but increasingly also investors. One of the most important developments in recent years has taken place in the mindset of many managers: Sustainability is no longer a “nice to have”, but the basis for long-term success.

**Renata Jungo Brünnger** – Member of the Board of Management of Mercedes-Benz Group AG.  
Integrity & Legal Affairs

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

The Mercedes-Benz Group confirmed its intention to accelerate the shift towards electric mobility 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.

Mercedes-Benz on Twitter: „Today we proudly signed #COP26 declaration on zero emission cars and vans as our ambition and responsibility is clear: We as an automaker have to help fight climate change by making individual mobility free of emissions. More on our strategy: <https://t.co/rl3rLLl2s> #RouteZero <https://t.co/U8jQODtnTq>“ / Twitter



The desire for individual mobility keeps growing. Our mission is to meet this need in a sustainable way. Mercedes-Benz has a clear roadmap how to make its fleet of new vehicles become net carbon-neutral. By 2030, we want to reach the half-way mark. In order to make faster progress in protecting the climate we need maximum dedication and more collaboration among governments, companies and society as a whole.

**Ola Källenius** – Chairman of the Board of Management of Mercedes-Benz Group AG

# Political dialog on achieving net carbon-neutrality

On its own initiative, the Mercedes-Benz Group enters into dialog with stakeholders who wish to work with it on the sustainable transformation of the automotive industry. To facilitate open discussions with a wide range of stakeholders. The External Affairs department holds events at regional, national and international level. The Mercedes-Benz Group also participates in external formats to engage in dialog with various stakeholders and engages in expert discussions with politicians. Some exemplary formats and events are listed in this section.

[Mercedes-Benz Group Sustainability Report 2022](#)

## Mercedes-Benz Group events

- **First ESG Conference**

At its first virtual ESG (Environment, Social and Governance) Conference for investors, analysts and selected media representatives, the Mercedes-Benz Group discussed the facets of its sustainable business strategy from climate protection to sustainable financing in April 2022.

[Mercedes-Benz Group ESG Conference 2022 | Mercedes-Benz Group > Investors > Events](#)

- **Mercedes-Benz Vans: Inauguration of first renewable natural gas project in South Carolina**

In April 2022, the first renewable natural gas plant in South Carolina was inaugurated at the Mercedes-Benz Vans plant in Charleston, under the presence of the governor of the US state of South Carolina. The gas is used to maintain the temperature of the building and the operation of the paint shop.

[Press Information \(mbvcharleston.com\)](#)

- **Memorandum of Understanding (MoU) with Canadian government**

In August 2022, the Mercedes-Benz Group and the Canadian government signed a MoU to deepen cooperation across the automotive value chain. As part of a business delegation, the Mercedes-Benz Group Chief Development Officer travelled to Toronto together with the Chancellor and the Minister of Economics of the Federal Republic of Germany. The aim of the MoU is to utilise economic opportunities within the Canadian supply chain and thus to promote the development of electric mobility.

[Mercedes-Benz signs Memorandum of Understanding with Government of Canada to strengthen cooperation across the electric vehicle value chain, including natural resources development - Mercedes-Benz Group Media](#)





Mercedes-Benz is looking to open new ways to responsibly acquire raw materials to rapidly scale up electric vehicle production. Securing direct access to new primary and sustainable sources of raw materials is a vital step down this road. With Canada, Mercedes-Benz has a strong and capable partner to break new ground for a new era of sustainable transformation in the automotive industry.

**Markus Schaefer** – Member of the Board of Management of Mercedes-Benz Group AG.  
Chief Technology Officer, Development & Procurement

- **Discussion Round with Tsinghua University Beijing**

The employees of Mercedes-Benz China are committed to the dialog between science and business: At the end of September 2022, a discussion round was held with professors and students from Tsinghua University in Beijing. Representatives from Mercedes-Benz China presented the sustainable business strategy and explained the challenges in global supply chain management.

- **Sustainability Dialogue 2022**

The “Sustainability Dialogue” is an important event for the exchange with stakeholders on the topic of climate protection. Since 2008, it is held once a year in the area of Stuttgart and unites stakeholders from environmental institutes and non-governmental organisations with members of the Board of Management and senior executives. In October 2022, the Mercedes-Benz Group offered the “Sustainability Dialogue” as a hybrid event: More than 200 external and internal participants exchanged views on various topics in seven working groups – both on-site at the Sindelfingen plant and by virtual participation. As a global actor, the Mercedes-Benz Group also organises “Sustainability Dialogues” in other countries and regions, for example in China.

[Mercedes-Benz Sustainability Dialogue 2022](#)  
[Mercedes-Benz Group Sustainability Report 2022](#)



The time we are living in is characterised by a multitude of challenges: from the increasingly noticeable effects of climate change, geopolitical insecurities and the intensifying shortage of resources, organisations currently need to navigate through uncertain waters. For us, this means the acceleration of our transition to net carbon-neutrality, responsible usage of our planetary resources and the associated expansion of electric mobility, but also our role in society as a whole.

**Renata Jungo Brünnger** – Member of the Board of Management of Mercedes-Benz Group AG.  
Integrity & Legal Affairs

# External events

- **Shell and Mercedes-Benz's event "On the road to climate neutrality: Powering zero emission vehicles"**

With the title "On the road to climate neutrality: Powering zero-emissions vehicles", the online political exchange format "POLITICO Spotlight" took place in March 2022. The topic of the event, initiated by Shell plc and the Mercedes-Benz Group, was the "EU Regulation on the Development of Alternative Fuel Infrastructure (AFIR)". Against this background, the EU Transport Commissioner, the rapporteur on the AFIR Regulation in the European Parliament and the CEOs of Shell plc and the Mercedes-Benz Group also discussed the question of how the development of a public charging infrastructure in the EU can be accelerated.

[🔗 On the Road to Climate Neutrality \(charging-infrastructure-climate-neutrality.eu\)](https://charging-infrastructure-climate-neutrality.eu)

- **German Climate Economy Foundation (Stiftung KlimaWirtschaft)**

In April 2022, the German Climate Economy Foundation (Stiftung KlimaWirtschaft) invited representatives from politics and business to a panel discussion. Together with the German Federal Minister of Economics and Climate Protection, the President of the Federal Environment Agency and other participants, the Chairman of the Board of Management of Mercedes-Benz Group discussed the question: "How do we achieve success in transforming our economy towards climate neutrality?"

- The Mercedes-Benz Group participates in the platform "**Strategic Dialogue for the Automotive Sector Baden-Württemberg**". At the kick-off dialogue in Stuttgart in May 2022, the focal points for the year were defined. At the suggestion of Mercedes-Benz Group AG, the mission "Transfer Qualification and Readiness for Change" was launched. The initiative addresses qualification concepts, changes in the focus of activities and the strengthening of employee's willingness to change.

[🔗 Strategic Dialogue for the Automotive Sector Baden-Württemberg](#)

- **Electric Vehicle Symposium "Charging Forward"**

The Mercedes-Benz Group was also involved in political dialog formats at international level: In June 2022, the electric vehicle symposium "Charging Forward" took place in Washington D.C. Representatives from the US Department of the Environment and the Department of Energy had the opportunity to examine various electric vehicles such as the Mercedes-Benz EQS. Afterwards, representatives of the ministries exchanged views with experts from the automotive industry on the ramp-up of electric mobility and the expansion of the charging infrastructure. A representative from the External Affairs office in Washington, D.C. represented the company in the discussion.

[🔗 Administration Officials Tout Future of Electric Vehicles | Transport Topics \(ttnews.com\)](#)

- The Mercedes-Benz Group was also involved in the **expert panel “Transformation of the Automotive Industry”** of the German Federal Ministry of Economics and Climate Protection. The department External Affairs is actively involved in two working groups: “Decarbonisation of automotive value chains” and “Smart car: software, digitisation, automation”. The working groups are to develop specific recommendations for action on ways of achieving the goal of climate neutrality and secure added value as well as jobs and training places in Germany as a location for the automotive industry.

[Expert Group of the Automotive Industry](#)

- As a large automobile manufacturer, Mercedes-Benz U.S. International (MBUSI) participated in the two-day **Drive Electric Alabama EV Summit**, which took place in September 2022. The conference was attended by elected officials, including Alabama’s Governor, representatives of major automotive manufacturers and suppliers, as well as experts in electric vehicles and charging technology. The CEO of MBUSI participated in the “OEM Executive Panel”.

[Drive Electric Alabama EV Summit – Alabama Automotive Manufacturers Association \(automotivealabama.org\)](#)

- The **New Jersey Clean Energy Conference entitled “Achieving Our Clean Energy Future”** took place in October 2022 in Atlantic City. During the conference, attendees gained insight into the state’s Energy Master Plan, which aims to promote a clean energy economy. Together with industry experts, state and federal politicians, including the New Jersey Governor, a representative of the External Affairs Office in Washington D.C. participated in the panel discussion on overcoming economic obstacles.

[cpe.rutgers.edu/clean-energy](https://cpe.rutgers.edu/clean-energy)



# Expert discussions with politicians

What framework conditions are necessary to achieve net carbon-neutrality? Ongoing political dialogue on this issue with decision-makers is a cornerstone of the Mercedes-Benz Group's representation of interests. The following list shows a representative selection of expert discussions with politicians in 2022.

- At the beginning of 2022, **representatives of the Mercedes-Benz Group spoke with a member of the European Parliament** and a member of the German Bundestag from Bündnis 90/Die Grünen about the Group's "Electric only" strategy and the political framework conditions. The focus of the discussion was on the challenges and expectations of the government regarding a Europe-wide charging infrastructure.
- In January 2022, the Chairman of the Board of Management of Mercedes-Benz Group met with the Federal Minister for Digital and Transport for an **exchange about the traffic policy agenda of the coalition** and the ministry, as well as on charging infrastructure, the Mercedes-Benz "Electric only" strategy and the political framework conditions.
- At the end of April 2022, the State Secretary at the Federal Foreign Office and Special Representative for International Climate Policy met the Member of the Board of Management of Mercedes-Benz Group for Integrity and Legal Affairs for a personal **exchange on sustainability issues**. The Mercedes-Benz Group presented its sustainable business strategy and the road-map towards "Electric only".
- In June 2022, a representative of the External Affairs department accepted the **invitation of the Parliamentary Advisory Council for Sustainable Development of the German Bundestag** and, as an expert on sustainability in the transport sector, presented the "Electric only" strategy of the Mercedes-Benz Group. He pointed out the importance of sustainability for the company along the entire value chain.

[🔗 German Bundestag – Advisory Council for: Verkehrssystem ist "dringend reformbedürftig"](#)

- In September 2022, the Mercedes-Benz Group **exchanged views with representatives of the European Commission's Directorate-General for Financial Stability, Financial Services and Capital Markets Union** on sustainable financing and the reporting requirements of the EU taxonomy. Mercedes-Benz considers reliable guidelines and clear rules to be imperative for the correct implementation and reliable comparability of the reporting.
- In November 2022, the External Affairs office in the USA took part in the **"Roundtable" of the US Treasury Department** together with other representatives of the automotive industry. The topic was the implementation of the Inflation Reduction Act. Among other things, the law contains a large package of energy- and climate-related regulations as well as tax incentives aimed at strengthening the US market for electric vehicles and the supply chain for greener vehicles.

[🔗 READOUT: Stakeholder Roundtable on Clean Vehicles and the Inflation Reduction Act | U.S. Department of the Treasury](#)



## 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 “The Climate Pledge” and “Transform to Net Zero”. The Mercedes-Benz Group also represents its interests by participating in working groups of various associations – for example the “Agora Verkehrswende transport transformation initiative”.

- **Climate Pledge**

An 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 Media](#)  
[Mercedes-Benz Group Sustainability Report 2022](#)



2022 marks another successful year in the transformation of Mercedes-Benz: We more than doubled our BEV sales. In 2023, we will continue our mission to offer the most desirable electric cars and further grow our BEV and Top-End sales.

**Ola Källenius** – Chairman of the Board of Management of Mercedes-Benz Group AG

- **Transform to Net Zero**

In July 2020, Mercedes-Benz Group became a founding member of the international climate protection initiative “Transform to Net Zero”, a climate protection initiative 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.

[🔗 Nine leading businesses launch new initiative to accelerate progress to a net zero future – Stories \(microsoft.com\)](#)  
[Mercedes-Benz Group Sustainability Report 2022](#)



In order to make sure that sustainability-related activities have a substantial effect, they have to be regularly monitored and adapted in keeping with the latest developments. We therefore work together with our stakeholders on the formulation of key issues and targets. International frameworks such as the Sustainable Development Goals of the United Nations and the ten principles of the UN Global Compact provide a fundamental guide for our activities in this regard.

**Renata Jungo Brünger** – Member of the Board of Management of Mercedes-Benz Group AG.  
Integrity & Legal Affairs

- **Agora Verkehrswende**

The Mercedes-Benz Group is convinced that associations play a key role in the political opinion-forming process. Therefore, it uses their platforms to engage with policy-makers and other stakeholders. In doing so, it advocates for cleaner, safer and smarter transport. Agora Verkehrswende is a think tank for climate-neutral mobility. In dialogue with politics, business, science and civil society, the organisation works to reduce greenhouse gas emissions in the transport sector to zero. To this end, the Agora Verkehrswende develops scientifically based analyses, strategies and proposed solutions.

[🔗 Agora Verkehrswende – \(agora-verkehrswende.de\)](#)  
[Mercedes-Benz Group Sustainability Report 2022](#)



We are convinced that associations play a key role in forming opinions in the political process. Therefore, we use their platforms to engage with policy-makers and other stakeholders. In doing so, we advocate for cleaner, safer and smarter transport.

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

- **Mercedes-Benz funds global fellowship for sustainable action by young people**

On January 19, 2023, Mercedes-Benz announced its support for the global fellowship programme “beVisioneers: The Mercedes-Benz Fellowship”. The programme, designed and implemented by an independent non-profit organisation, will support thousands of young people from around the world to implement their sustainability projects.

[Mercedes-Benz funds global fellowship for sustainable action by young people – Mercedes-Benz Group Media](#)



As a global company and luxury brand, our responsibility does not end at our factory gates. “beVisioneers” aims to create a relevant impact, one that benefits its young participants, their local communities and the environment. We are very proud to fund this unique initiative, which empowers a new and diverse generation of innovators.

**Renata Jungo Brüngger** – Member of the Board of Management of Mercedes-Benz Group AG.  
Integrity & Legal Affairs



# Products

## The electrification roadmap

The Mercedes-Benz Group has already been offering all-electric cars under the Mercedes-EQ brand since 2018 – and is continually expanding the portfolio with further models. The aim is to achieve up to 50 percent share of plug-in hybrids and all-electric vehicles by mid-decade on the way towards going all-electric by 2030 wherever market conditions allow. From 2025 onwards, all newly launched vehicle architectures will be all-electric (MB.EA, AMG.EA, VAN.EA) and customers will be able to choose an all-electric alternative for every model the Group offers.

In 2022, the Mercedes-Benz Group reached an important strategic milestone and now offers an all-electric alternative in every segment in which Mercedes-Benz is active – the EQA and EQB for the entry segment, the EQC (EQC 400 4MATIC, WLTP: combined electrical consumption: 21.9-19.4 kWh/100 km; combined CO<sub>2</sub> emissions: 0 g/km)<sup>1</sup> for the core segment and the EQE and EQS for the top-end segment. In August 2022, the all-electric model range was supplemented by the EQS SUV. In addition, the Group also reached another milestone with the market launch of the EQE SUV in October 2022.

Electrified vehicles (xEV) accounted for 16 % of Mercedes-Benz Cars' total unit sales in 2022. This corresponds to unit sales of 333,500 vehicles (2021: 271,800) and an increase of 23 %. Sales of battery electric vehicles (BEVs) of the Mercedes-Benz brand rose by 67 % to 149,200 units (2021: 89,500). Sales of plug-in hybrid vehicles (PHEVs) totalled 184,300 units (2021: 182,300). Battery electric models accounted for 4 % of unit sales at Mercedes-Benz Vans.

[🔗 The new EQE SUV: commitment to sustainability – Mercedes-Benz Group Media](#)

Mercedes-Benz Vans aspires to offer the most desirable vans and services and to be a leader in the field of electric mobility. Mercedes-Benz Vans already offers four models with battery-electric drive. From 2023, it is planned that they will be joined by the eCitan and EQT (WLTP: combined electrical consumption: 18.99 kWh/100 km; combined CO<sub>2</sub> emissions: 0 g/km)<sup>1</sup>, so that the entire product range will then be electrified. The Van division is thus once again underlining its ambitions and showing that the strategy is taking effect.

[🔗 Mercedes-Benz Group Media](#)

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<sup>1</sup> Electric energy consumption and range were determined on the basis of Regulation (EU) 2017/1151

### Statements regarding electricity and fuel consumption and CO<sub>2</sub> emissions:

The consumption was determined on the basis of the regulation 2017/1151/EU. Further information on official fuel consumption and on the official specific CO<sub>2</sub> emissions of new cars can be taken from

[🔗 Leitfaden über den Kraftstoffverbrauch, die CO<sub>2</sub>-Emissionen und den Stromverbrauch neuer Personenkraftwagen](#)



- **Mercedes-Benz VISION EQXX**

With this concept car, Mercedes-Benz provides a preview of what will be possible in the future in terms of efficiency and electric range. The VISION EQXX is the product of a holistic approach with innovations in all technical areas that have an impact on energy consumption.

 Mercedes-Benz Group Media



We beat our own efficiency record travelling more than 1,200 kilometers (745 miles) on a single battery charge - with an incredibly low average consumption of 8.3 kWh/100 km. The VISION EQXX is the most efficient Mercedes ever built. The technology programme behind it marks a milestone in the development of electric vehicles. It underpins our strategic aim to “Lead in Electric”.

**Ola Källenius** – Chairman of the Board of Management of Mercedes-Benz Group AG

In May 2022, the Mercedes-Benz Group presented its vision of advanced, self-determined and more sustainable mobility in Berlin with its Vision EQXX experimental vehicle. Experts presented the performance parameters such as energy efficiency or range, which set new standards, in front of representatives of NGOs, foundations, associations and science. In addition, they discussed the political framework conditions that are necessary to accelerate the transition to electric mobility and to support the transformation of the automotive industry.





- **SUSTAINER 2022**

Just how ecological a van can be is demonstrated by the Mercedes-Benz Vans business unit with its SUSTAINER technology platform: Based on a Mercedes-Benz eSprinter, the SUSTAINER combines many innovations that can help to improve the quality of life in cities, reduce harm to climate and environment and enhance the safety and reduce health impacts of drivers and other road users. Among other things, the all-electric van has a roof-mounted solar panel that generates green electricity for the vehicle. Under good conditions, this can enable the vehicle to travel 2,500 kilometers per year in Baden-Württemberg, for example. The SUSTAINER is equipped with intelligent software and communication solutions that allow efficient route planning in real time.

At the “Future Mobility Summit” in September 2022 in Berlin, a congress for mobility decision-makers, the Mercedes-Benz Group presented its interpretation of innovative and sustainable “last mile delivery” by means of its SUSTAINER concept vehicle and discussed further ideas for solutions with representatives from politics and business.

[🔗 The further improved Mercedes-Benz SUSTAINER: new innovations for more quality of life and driving safety in cities – Mercedes-Benz Group Media](#)  
[Future Mobility Summit 2022: Stark-Watzinger will Brücke zwischen Forschung und Wirtschaft stärken \(tagesspiegel.de\)](#)  
[Mercedes-Benz Group Sustainability Report 2022](#)



As a pioneer in the field of net carbon-neutral transportation Mercedes-Benz Vans has gained broad experience in producing and launching eVans since 2010. Now we are accelerating the transformation to an all-electric product portfolio. From the mid of the decade onwards, all newly developed vans will be electric-only based on our new architecture VAN.EA.

**Mathias Geisen** – Head of Mercedes-Benz Vans

# Net carbon-neutral supply chain

The Mercedes-Benz Group is working together with suppliers to develop measures for reducing the CO<sub>2</sub> emissions of the procured production and non-production materials and the supply of goods to the plants (inbound logistics). Mercedes-Benz plans to procure only net carbon-neutral production materials from 2039 on.



The consistent reduction of CO<sub>2</sub> throughout the entire value chain is the claim we have formulated in our “Ambition 2039” vision. A resource-efficient transport logistics concept is an important step for us to take towards a net carbon-neutral vehicle fleet and its production. For our global production network, we strive for a sustainable transport mix. The intelligent combination of sustainable transport modes, like at the Bremen battery logistics center, is a key prerequisite for this.

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

- **Letter of intent: Enabling a green aluminum supply chain**

In December 2022, Mercedes-Benz signed a letter of intent (LoI) with an aluminum producer with the aim of developing and introducing a joint action plan for near CO<sub>2</sub>-free aluminum for automotive applications by 2030. In this regard, both innovative technologies for primary material production and the increased use of scrap play an important role.

[Mercedes-Benz AG and Hydro join forces to pioneer a sustainable aluminium supply chain – Mercedes-Benz Group Media Mercedes-Benz Group Sustainability Report 2022](#)



Aluminium is becoming increasingly important as a lightweight material in electric vehicles. We are intensively working with our partners on finding levers to lower CO<sub>2</sub> emissions in the aluminium supply chain.

**Markus Schäfer** – Member of the Board of Management of Mercedes-Benz Group AG. Chief Technology Officer, Development & Procurement

# Transforming the production network

- **Mercedes-Benz production network on the way to “Electric only”**

The Mercedes-Benz Group is stepping up its research and development activities in order to bring new technologies into series production as early as possible: Among other things, it is setting up a competence center for cell technology in Stuttgart – materials and cells can be technologically evaluated there in the future. The so-called “Mercedes-Benz eCampus” is to be gradually placed in operation from 2023. This also means that a near-series plant for the small-scale production of battery cells will be available at the start.

On the way to all-electric mobility, Mercedes-Benz Vans marked a new milestone in its transformation by announcing the re-organisation of its European production network. Mercedes-Benz Vans is going to build its first pure electric plant in Jawor, Poland, and thus set new Mercedes-Benz standards and moves forward on its path towards all-electric mobility.

[Mercedes-Benz eCampus readies Untertürkheim site for an all-electric future – Mercedes-Benz Group Media](#)  
[Milestone for electric transformation | Mercedes-Benz Group > Company > News](#)  
[Mercedes-Benz Group Sustainability Report 2022](#)



We are not only repositioning our products, but also future proofing the entire value chain: From logistics and sales to procurement and production. The decision for Jawor, Poland, as our first electric-only plant is another milestone on the road to electric mobility. Our completely new and highly sustainable production facility for VAN.EA, our new platform for large and midsize eLCVs will ensure our leading position in the field of all-electric light commercial vehicles also in the future.

**Mathias Geisen** – Head of Mercedes-Benz Vans

- **Global battery production network**

Mercedes-Benz relies on a global battery production network, which is an important component of the worldwide production network. The network consists of factories on three continents: Battery systems are manufactured in Kamenz (Saxony), in the Hedelfingen part of the Untertürkheim plant in Stuttgart, as well as in Bangkok (Thailand), Beijing (China) and Jawor (Poland). The battery factories in Esslingen-Brühl near Stuttgart started production of plug-in hybrid batteries in mid-2022; the battery factory in Tuscaloosa, USA, began operations in the reporting year. The Mercedes-Benz battery production network will also be supplemented by a further battery factory at the Sindelfingen location. The plants are supposed to produce batteries for the Mercedes-EQ models that will leave the production lines from 2025.

[100% electric: Mercedes-Benz production setup defined for electric drive systems – Mercedes-Benz Group Media](#)  
[Mercedes-Benz Group Sustainability Report 2022](#)

- **Renewable energy: Papenburg wind farm planned**

In September 2022, the Mercedes-Benz Group began planning the installation of a wind farm at its test track site in Papenburg. This is where several wind turbines with an output of more than 100 MW, covering more than 15% of the annual electricity requirements of the Mercedes-Benz Group in Germany, are to be erected by 2025.

[Mercedes-Benz plans to build wind farm at its test track in Papenburg, northern Germany – Mercedes-Benz Group Media Mercedes-Benz Group Sustainability Report 2022](#)



The targeted expansion of renewable energies at our own locations is an integral part of our sustainability strategy. With the realisation of the planned wind farm project in Papenburg, we are taking an important step in this direction. We make an active contribution to the energy transition and the expansion of onshore wind power in Germany.

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

## Charging infrastructure

### **Development of a global Mercedes-Benz high-power charging network**

At the Consumer Electronics Show (CES) 2023, Mercedes-Benz presented its new charging network initiative. The Mercedes-Benz high-power charging network is scheduled to be launched in North America already this year.

The establishment of the network in Europe, China and other core markets will follow. By 2027, the network is planned to cover the North American continent with a total of more than 400 charging parks and over 2,500 high-power chargers (HPC) and should ensure a high-quality, sustainable and reliable charging experience.

By the end of the decade, the Mercedes-Benz high-power charging network is set to be expanded worldwide with more than 10,000 high-power chargers over and above its existing charging offers. So, Mercedes-Benz enables its customers to charge green at its own charging network. This is preferably ensured via green electricity supply contracts or through renewable energy certificates from an accredited supplier.

[Mercedes-Benz Reveals New Charging Network and Tech Updates at CES 2023 – Mercedes-Benz Group Media](#)

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The Mercedes-Benz Group is active member of several trade associations. Mercedes-Benz Group advocacy representatives engage in the working groups dealing with climate-related policies.

For this report Mercedes-Benz Group selected three 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) and Germany and the German Association of the Automotive Industry (VDA).

# 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 2022, which are quoted in the following overviews.

Independent of the results, Mercedes-Benz Group always advocates for association positions that are as progressive as possible and that are never detrimental to its convictions. The Mercedes-Benz Group is convinced that associations play a key role in the political opinion-forming process. Therefore, it uses their platforms to engage with policy-makers 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 policy-makers and regulatory authorities.

In crisis situations, such as the gas supply in Germany during the 2022/2023 heating season, instruments were developed together with associations to support the government's supply goals on the one hand and at the same time to ensure the energy required for the productivity of the economy. In addition, the associations play a crucial role in initiating and steering joint activities.

## European Union: European Automobile Manufacturers' Association (ACEA)

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### 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.

[www.acea.auto/about-acea/](https://www.acea.auto/about-acea/)

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### 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

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## Positions on climate-related policies

### Paris Agreement:

The automobile industry embraces the Paris Agreement and its goals. Manufacturers also support the climate protection initiatives of the European Commission, such as the “Clean Planet for All” strategy, provided all stakeholders contribute their share and the achievements to date are taken into account.

[www.acea.auto/files/ACEA\\_10-point\\_plan\\_European\\_Green\\_Deal.pdf](http://www.acea.auto/files/ACEA_10-point_plan_European_Green_Deal.pdf)

### 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)

[www.acea.auto/message-dg/the-eu-needs-a-holistic-policy-approach-to-zero-emission-mobility/](http://www.acea.auto/message-dg/the-eu-needs-a-holistic-policy-approach-to-zero-emission-mobility/)

### Transformation:

In these times of transition, the auto industry is committed to work closely with EU policy makers and other stakeholders to ensure that these challenges can be overcome – and indeed turned into new opportunities for Europe. Our industry is ready to lead this transformation hand-in-hand with policy makers. Together we have the common aim and shared responsibility to ensure that the EU auto sector can maintain its global leadership in the future.

Objective: Enable the transition to zero emissions and zero fatalities

What our industry offers:

- An increasingly wide-ranging and diverse offer of zero- and low-emission vehicles (ZLEVs).
- Vehicles that will continuously emit less pollutants, stepping up our contribution to cleaner cities and a healthier environment.

What Europe should do:

- Develop appropriate strategies and enabling conditions to deal with the wider implications of this shift, notably on:
  - The lack of recharging and refuelling infrastructure, including leveraging EU funding instruments;
  - The very different skills and training required for the production, maintenance and recycling of ZLEVs;
  - The impact of the ZLEV transition on today’s jobs and key automotive regions;
  - The production and recycling of batteries, as well as securing the availability of affordable raw materials.

[www.acea.auto/files/ACEA\\_manifesto\\_2019-2024-1.pdf](http://www.acea.auto/files/ACEA_manifesto_2019-2024-1.pdf)



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**Positions on  
climate-related  
policies****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. The RED proposal must address the massive potential of the existing and changing road transport fleet to use low-carbon sustainable liquid and gas fuels which can be distributed through the existing infrastructure. The potential for the current vehicle fleet to help reduce total road transport CO<sub>2</sub> emissions cannot be ignored.

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.

[www.acea.auto/files/ACEA\\_Position\\_Paper-RED-FQD.pdf](http://www.acea.auto/files/ACEA_Position_Paper-RED-FQD.pdf)

**Carbon pricing:**

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.
- A broad market uptake of alternatively-powered vehicles across all vehicle segments can only be expected if the carbon content of all energy carriers and CO<sub>2</sub> emissions are priced appropriately. All energy carriers should therefore be subject to a cap-and-trade system. Like electricity, where decarbonisation is already successfully driven by the system of ETS allowances, fuels should be part of the EU trading system in order to provide a cost-efficient market tool to reduce emissions.

[www.acea.auto/files/ACEA\\_Position\\_Paper-ETS\\_road\\_transport.pdf](http://www.acea.auto/files/ACEA_Position_Paper-ETS_road_transport.pdf)

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## Positions on climate-related policies

### GHG and fuel economy fleet regulations:

ACEA on the revision of EU CO<sub>2</sub> targets in the framework of the EU Commission's Fit for 55 program (before trilogue agreement was reached at the end of October 2022):

- Leave 2025 target unchanged
- 2030 ambition level must be fully in sync with AFIR (Alternative Fuels Infrastructure Regulation) targets
- Too early to set long-term 2035 target; wait until 2028, together with strong review

[www.acea.auto/files/fact\\_sheet\\_review\\_CO2\\_targets\\_cars\\_vans.pdf](http://www.acea.auto/files/fact_sheet_review_CO2_targets_cars_vans.pdf)

ACEA reaction on the revision of EU CO<sub>2</sub> targets in the framework of the EU Commission's Fit for 55 program (after trilogue agreement was reached at the end of October 2022):

Following this evening's EU deal on CO<sub>2</sub> targets for cars and vans, the European Automobile Manufacturers' Association (ACEA) urges European policy makers to shift into higher gear to deploy the enabling conditions for zero-emission mobility.

The agreement between representatives of the European Commission, Parliament and Council will see CO<sub>2</sub> emissions from cars and vans reduced by 100 % by 2035, in effect banning the sale of traditional internal combustion engine vehicles.

[www.acea.auto/press-release/car-co2-targets-no-time-to-waste-for-putting-conditions-for-zero-emissions-in-place-says-industry/](http://www.acea.auto/press-release/car-co2-targets-no-time-to-waste-for-putting-conditions-for-zero-emissions-in-place-says-industry/)

On February 14th, 2023, the trilogue agreement was confirmed by the Plenary of the European Parliament. On that occasion ACEA highlighted the need for a monitoring process in view of the future review in 2026: All stakeholders must now urgently work together to guarantee access to the raw materials needed for e-mobility, make electric cars affordable mass-market products, mitigate negative employment consequences, and enable European citizens to charge their electric vehicle quickly and easily. In the context of the review of the CO<sub>2</sub> regulation foreseen for 2026, ACEA is calling for clear KPIs to monitor progress in all these areas.

“All the auto industry's efforts and investments are geared towards zero-emission mobility. It is essential that all EU policies and regulations should align with and support this goal.”  
(Sigrid de Vries, ACEA Director General)

[www.acea.auto/news/european-parliament-vote-on-co2-for-cars-and-vans-clear-kpis-now-needed-to-monitor-progress/](http://www.acea.auto/news/european-parliament-vote-on-co2-for-cars-and-vans-clear-kpis-now-needed-to-monitor-progress/)

## Review results

- Based on the “Ambition 2039”, the Mercedes-Benz Group intensively engaged in the position-making within the association regarding the legislative initiatives of the “Fit for 55” package of the European Commission.
- 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).
- Thereby, the Mercedes-Benz Group achieved more progressive positions of the association on climate-related policies as the above listed extracts of ACEA positions demonstrate.
- The analysis shows that in principle Mercedes-Benz Group positions have a high congruence with ACEA key positions.
- While Mercedes-Benz Group aims to be all-electric by 2030 – wherever market conditions allow, it advocates for an accordingly progressive approach of ACEA.
- Mercedes-Benz Group would have preferred a more optimistic statement of ACEA regarding the decisions on new CO<sub>2</sub> targets made in February 2023. The Mercedes-Benz Group is convinced that the technical solutions exist and will find acceptance. However, the success of electric mobility crucially depends on the framework conditions such as sufficient charging infrastructure and clean energy.



# United States: The Alliance for Automotive Innovation (Auto Innovators)

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## 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.

[www.autosinnovate.org/about](http://www.autosinnovate.org/about)

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## Membership of board/executive committee

**Dimitrios Psyllakis**  
(CEO Mercedes-Benz USA)

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## Positions on climate-related policies

**Paris Agreement:**  
No distinct statement available

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### Carbon neutrality:

“We stand ready to work with your 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.”

(Auto Innovators web page statement on letter to President Biden, March 2021)

[www.autosinnovate.org/posts/press-release/ev-policy-letter-to-president-biden](http://www.autosinnovate.org/posts/press-release/ev-policy-letter-to-president-biden)

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

[www.autosinnovate.org/posts/testimony/minnesota-clean-car-rulemaking](http://www.autosinnovate.org/posts/testimony/minnesota-clean-car-rulemaking)

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**Positions on climate-related policies**

**Transformation:**

Statement on the Inflation Reduction Act:

“This is a massive undertaking and government has a role to play when it comes to establishing the right conditions for global leadership and success. The manufacturing tax credits and grant funding will help accelerate the domestic industrial base conversion currently underway. Unfortunately, the EV tax credit requirements will make most vehicles immediately ineligible for the incentive. That’s a missed opportunity at a crucial time and a change that will surprise and disappoint customers in the market for a new vehicle. It will also jeopardize our collective target of 40-50 percent electric vehicle sales by 2030.”

(John Bozzella, president and CEO of the Alliance for Automotive Innovation)

[www.autosinnovate.org/posts/press-release/auto-innovators-statement-on-inflation-reduction-act](https://www.autosinnovate.org/posts/press-release/auto-innovators-statement-on-inflation-reduction-act)

“The EV transformation in this country is something to behold. Game changing vehicles (86 at last count) of all types... from most manufacturers... at many price points. EVs are now about 7 percent of U.S. light-duty vehicle sales. Automakers are making massive, billion-dollar investments in EV and battery production in multiple states.

But our country seriously lags on publicly available EV charging infrastructure. That’s a fact. Most people who own an EV today charge at home. We’re just not adding public charging at a fast enough clip to keep up with projected EV sales. [...]

Reliable and ubiquitous public charging is fundamental to overcoming range anxiety and convincing undecided drivers that going electric is right for them.”

(John Bozzella, president and CEO of the Alliance for Automotive Innovation)

[www.autosinnovate.org/posts/blog/ev-charging-help-is-on-the-way](https://www.autosinnovate.org/posts/blog/ev-charging-help-is-on-the-way)



**Positions on climate-related policies**

**Renewable energy:**

No distinct position available

**Carbon pricing:**

No distinct position available

**GHG and fuel economy fleet regulations:**

Statement regarding the EPA’s final rule, Revised 2023 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions Standards:

“EPA’s final rule for greenhouse gas emissions is even more aggressive than originally proposed, requiring a substantial increase in electric vehicle sales, well above the four percent of all light-duty sales today. Achieving the goals of this final rule will undoubtedly require enactment of supportive governmental policies – including consumer incentives, substantial infrastructure growth, fleet requirements, and support for U.S. manufacturing and supply chain development. Collaboration between industries across the economy and government will be essential to achieving our shared goals for a cleaner transportation future that benefits all communities and enhances U.S. economic competitiveness.”  
(John Bozzella, president and CEO of the Alliance for Automotive Innovation)

[www.autosinnovate.org/posts/press-release/statement-final-epa-ghg-rule](https://www.autosinnovate.org/posts/press-release/statement-final-epa-ghg-rule)

**Review results**

- Based on the “Ambition 2039”, the Mercedes-Benz Group contributed in the position-making of the Auto Innovators association regarding climate-related policies.
- 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 to the one’s of Auto Innovator.
- In the future, the Mercedes-Benz Group will steer discussions in the association towards a stronger commitment on the Paris Agreement as well as for the support of renewable energy and carbon pricing mechanisms.

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

VDA

## Vision/purpose

The car country as a mobility provider.

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.

[www.vda.de/en/association](http://www.vda.de/en/association)

We are ready.

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.

[www.vda.de/en/association/about/we-are-ready](http://www.vda.de/en/association/about/we-are-ready)

## 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 and carbon neutrality:

Being the first continent in the world to become climate-neutral by 2050 is a clear and correct goal and at the same time a task for politics, society and industry. The automotive industry joins this by conviction and resolutely drives change forward with huge investments in research, development and the conversion and new construction of plants.

[www.vda.de/en/press/press-releases/2022/220607\\_PM\\_Fit\\_for\\_55\\_package\\_Unique\\_opportunity\\_to\\_become\\_a-global\\_example\\_of\\_climate\\_protection](http://www.vda.de/en/press/press-releases/2022/220607_PM_Fit_for_55_package_Unique_opportunity_to_become_a-global_example_of_climate_protection)

**Positions on  
climate-related  
policies****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)

[www.vda.de/en/press/press-releases/2022/220607\\_PM\\_Fit\\_for\\_55\\_package\\_Unique\\_opportunity\\_to\\_become\\_a-global\\_example\\_of\\_climate\\_protection](https://www.vda.de/en/press/press-releases/2022/220607_PM_Fit_for_55_package_Unique_opportunity_to_become_a-global_example_of_climate_protection)

Manufacturers and suppliers are driving transformation – global competition requires better framework conditions for companies – building up infrastructure must strongly be accelerated.

The manufacturers and suppliers of the German automotive industry will invest more than €220bn in electromobility including battery technology, digitization and other research fields between 2022 and 2026.

"With these investments and innovations the German automotive industry wants to continue to manufacture the world's safest, most efficient, high-quality and climate-neutral vehicles for all segments."

"In addition to digitization, the mission of climate neutrality is a task of the century and an enormous opportunity. We want to be a global example of a transformation that is geared towards climate goals and at the same time creates prosperity, economic growth and jobs."  
(Hildegard Müller, VDA President)

[www.vda.de/en/press/press-releases/2021/2112\\_German-auto-industry-will-invest-more-than--220bn-in-research-and-development-by-2026](https://www.vda.de/en/press/press-releases/2021/2112_German-auto-industry-will-invest-more-than--220bn-in-research-and-development-by-2026)





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**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.

[www.vda.de/en/topics/european-agenda/fit-for-55/fleet-limit](https://www.vda.de/en/topics/european-agenda/fit-for-55/fleet-limit)

“The ambitious climate targets in transport cannot be achieved without including the existing fleet. This becomes clear when you look at the 280 million combustion engines in the EU alone and around 1.5 billion worldwide. To let these vehicles operate in a climate-neutral manner, we also need synthetic fuels. They are an important addition to the rapid ramp-up of electromobility. The revision of the Renewable Energy Directive (RED) as part of the 'Fit for 55 package' sets the right path, but regrettably with far too low an ambition level: a higher greenhouse gas reduction rate is necessary particularly in road traffic to leverage the potential of the vehicle stock with climate-friendly fuels.”

(Hildegard Müller, VDA President)

[www.vda.de/en/press/press-releases/2022/221027\\_PM\\_Triologue-agreement-on-fleet-targets\\_The-EU-must-now-take-immediate-action-regarding-framework-conditions](https://www.vda.de/en/press/press-releases/2022/221027_PM_Triologue-agreement-on-fleet-targets_The-EU-must-now-take-immediate-action-regarding-framework-conditions)

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**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 defossilization along the entire value chain. Social hardship can be cushioned in a targeted manner.“

(Hildegard Müller, VDA President)

[www.vda.de/en/press/press-releases/2022/220607\\_PM\\_Fit\\_for\\_55\\_package\\_Unique\\_opportunity\\_to\\_become\\_a-global\\_example\\_of\\_climate\\_protection](https://www.vda.de/en/press/press-releases/2022/220607_PM_Fit_for_55_package_Unique_opportunity_to_become_a-global_example_of_climate_protection)

In the medium term, the transport sector should gradually be included in EU emissions trading. As a central instrument in achieving the climate targets, it should become the lead instrument for achieving the goal of climate neutrality in transport after 2030. Following a two-stage procedure makes sense for this path. To begin with, fuels are included in a specific emissions trading for transportation (upstream emissions trading). This specific emissions trading can be transferred to a uniform European emissions trading system after a defined transition phase. This two-tier system allows for adjustments to the system. Market-based instruments currently play far too small a role in achieving climate goals. The extension of EU emissions trading to the transport sector is important and should be tackled gradually: In this way, we will succeed in minimizing greenhouse gas emissions within the European Union in an economically efficient way.

[www.vda.de/en/topics/european-agenda/fit-for-55/emissionshandel](https://www.vda.de/en/topics/european-agenda/fit-for-55/emissionshandel)

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### GHG and fuel economy fleet regulations:

VDA on the revision of EU CO<sub>2</sub> targets in the framework of the EU Commission's Fit for 55 program prior compromise agreement on new targets:

- EU Commission's proposal to keep 2025 CO<sub>2</sub> targets is positive since this provides necessary lead-time and planning certainty
- Proposed 2030 CO<sub>2</sub> targets are very ambitious and only achievable if appropriate framework conditions will be in place, especially sufficient public and private charging infrastructure as well as adequate incentive and taxation schemes fostering electric mobility
- Setting of 2035 targets comes too early; it should be postponed to a revision of the regulation in 2028

(Source: Key conclusions from VDA position paper in German language)

VDA on the revision of EU CO<sub>2</sub> targets in the framework of the EU Commission's Fit for 55 program after compromise agreement on new targets:

“The trilogue agreement on the fleet targets is now setting ambitious goals – without leaving any options available to react to current developments and challenges: It is negligent to set goals for the period after 2030 without being able to make appropriate adjustments. This is particularly true concerning the necessary ramp-up of the charging infrastructure and also with regard to other factors such as impending new dependencies on raw materials and the sufficient supply of renewable energies.

To put it plainly: the EU must now take immediate action on the framework conditions. In this context, the EU must now also conclude energy partnerships and raw material agreements as quickly and decisively as possible in order to ensure a corresponding supply for the future – and to enable the target attainment.”

(Hildegard Müller, VDA President)

[www.vda.de/en/press/press-releases/2022/221027\\_PM\\_Triologue-agreement-on-fleet-targets\\_The-EU-must-now-take-immediate-action-regarding-framework-conditions](https://www.vda.de/en/press/press-releases/2022/221027_PM_Triologue-agreement-on-fleet-targets_The-EU-must-now-take-immediate-action-regarding-framework-conditions)

### Positions on climate-related policies

On February 14th, 2023, the trilogue agreement was confirmed by the Plenary of the European Parliament. On that occasion VDA highlighted the need for technology openness and enabling conditions for a successful ramp-up of electromobility:

“The ramp-up of electromobility is reflected in a constant stream of new vehicle offerings. At the same time the de facto ban on combustion engines for passenger cars from 2035 has now been passed by Parliament. This remains a decision against a consumer and industrial policy that is open to technology and friendly to innovation. And it ignores the still more than inadequate development and expansion of the European charging infrastructure. The fact is: only a policy that takes into account the realities of life of consumers, enables charging anytime and anywhere at affordable prices and provides the necessary amount of climate-neutral energy and raw materials is a responsible and strategic policy: for the climate, for the people and for the industry.”

(Hildegard Müller, VDA President)

[www.vda.de/en/press/press-releases/2023/230214\\_PM\\_From-2035-only-CO2-free-new-cars---VDA-on-the-decision-of-the-EU-Parliament](https://www.vda.de/en/press/press-releases/2023/230214_PM_From-2035-only-CO2-free-new-cars---VDA-on-the-decision-of-the-EU-Parliament)

### Review results

- Based on the “Ambition 2039”, Mercedes-Benz Group intensively engaged in the position-making within the association regarding the legislative initiatives of the “Fit for 55” package of the European Commission.
- 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 (Board, Sherpa, Working Groups), which is reflected in the VDA positions stated above.
- The analysis shows that in principle the Mercedes-Benz Group positions have a high congruence with VDA key positions.
- While the Mercedes-Benz Group is getting ready to go all-electric by the end of the decade, where market conditions allow, the Group welcomes VDA’s call for setting a policy framework for enabling conditions for supporting the ramp-up of electric mobility. The Mercedes-Benz Group would have preferred a more optimistic statement of VDA regarding the decisions on new CO<sub>2</sub> targets made in February 2023. The Mercedes-Benz Group is convinced that the technical solutions exist and will find acceptance. However, the success of electric mobility crucially depends on the framework conditions such as sufficient charging infrastructure and clean energy.



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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.

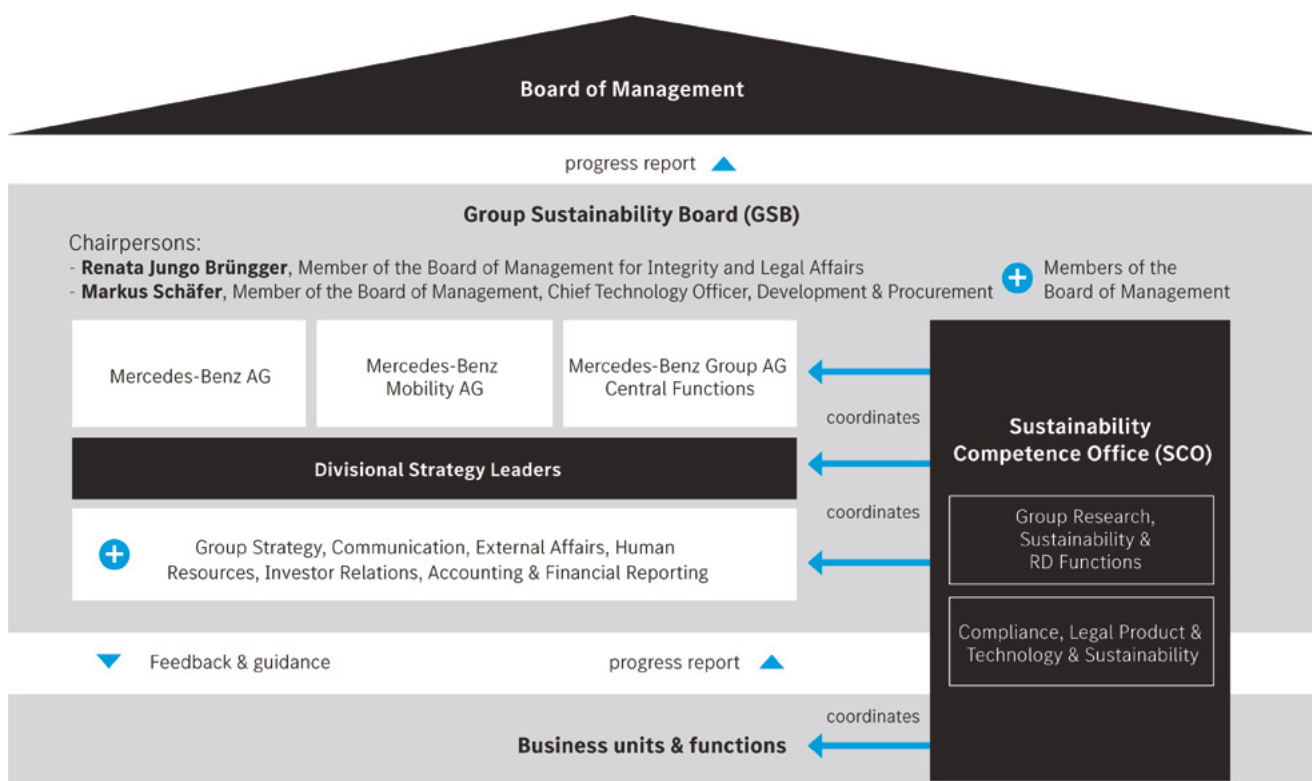
# Mercedes-Benz Group sustainability governance and memberships

# Management approach

The **Group Sustainability Board (GSB)** is the central management body for all sustainability issues and reports to the Board of Management of Mercedes-Benz Group. The GSB has a shared management structure, with Renata Jungo Brüngger (Board of Management member responsible for Integrity and Legal Affairs) and Markus Schäfer (Board of Management member responsible for Development & Purchasing; also Mercedes-Benz Cars Chief Technology Officer) serving as co-chairs. The GSB includes the Chairman and all other members of the Board of Management, as well as executives from all relevant functions and departments – for example Finance, Investor Relations, External Affairs, Marketing & Communications and Human Resources. The management processes with cross-divisional and functional relevance in relation to sustainability are covered by this governance structure in order to regularly review and improve the Mercedes-Benz Group's performance. The GSB decides on relevant sustainability issues and assigns tasks to the respective areas of responsibility.

The GSB regularly submits progress reports and proposals for decisions to the Board of Management regarding the action fields included in the Group's sustainable business strategy. The Supervisory Board monitors and advises the Board of Management in its deliberations relating to the transformation targets, which also include non-financial targets and sustainability-related targets.

The operational work is carried out by the **Sustainability Competence Office (SCO)**, which is staffed with specialists from the areas of the two co-chairs of the GSB as well as from Group strategy, finance and communications. The SCO advises and supports the departments in implementing the tasks allocated to them by the GSB. 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 are reported to the GSB and the Board of Management at least twice a year in the form of detailed scorecards.





At Mercedes-Benz, we have been conceiving sustainability holistically for many years. Environmental protection, social aspects and good corporate governance must go hand in hand. That is why on the path to the all-electric future we want clean supply chains and respect for human rights, from the raw materials mines all the way to our customers. The right governance helps us in this regard, for example, in the form of our “Human Rights Respect System”.

**Renata Jungo Brüngger** – Member of the Board of Management of Mercedes-Benz Group AG.  
Integrity & Legal Affairs

The **Supervisory Board of Mercedes-Benz Group AG** monitors the implementation of the sustainable business strategy. It is therefore important that the Supervisory Board and its committees are adequately informed about the sustainability issues related to the environment, society or corporate governance (ESG). To ensure this, ESG topics are regularly addressed in the Supervisory Board meetings. ESG experts from the specialist departments are consulted for this purpose. ESG-related topics were also discussed during the 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 Supervisory Board, Dame Polly Courtice in particular contributes her extensive expertise in the area of sustainability at various points.

### **Alignment of positions**

The central coordinating body for dialog with national and international policymakers is the department of External Affairs. It is located 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 Board (GSB) 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 lobbying 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.



### **Transparency on political positions – new “Advocacy” tab on the corporate website**

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 greatest contribution to the community. Here, the Mercedes-Benz Group takes the route of publicly accessible parliamentary lobby registers. 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. It also uses this Climate Policy Report to inform about its political positions.

In addition, the Group publishes its stance on relevant, strategic issues affecting its stakeholders on the corporate 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 dialog 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 now accessible for everyone under the “Advocacy” tab on the corporate website. The website currently contains the four subject areas of transparency, sustainability, digitisation and electric mobility with links to the corresponding position papers. The spectrum of topics ranges from new EU7 emission standards and CO<sub>2</sub> pricing to autonomous driving and the expansion of the charging infrastructure.

[Mercedes-Benz: How to be a responsible advocate for corporate interests | Mercedes-Benz Group > Company > Advocacy Mercedes-Benz Group Sustainability Report 2022](#)

### **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 also plays an important role. The Group makes its political positions on transformation and environmental issues transparent to the public, for example through interviews 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 2022, background talks were held with relevant news agencies and business media. In addition, there is a regular media roundtable on the regulatory framework conditions shaping the Group's transformation, such as the charging infrastructure or CO<sub>2</sub> fleet legislation.

- LinkedIn-Post Ola Källenius, February 2022

[www.linkedin.com/posts/ola-k%C3%A4llenius\\_our-internal-data-show-in-2021-we-undershot-activity-6902210070252515328-LXIf?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/ola-k%C3%A4llenius_our-internal-data-show-in-2021-we-undershot-activity-6902210070252515328-LXIf?utm_source=share&utm_medium=member_desktop)

- LinkedIn- & Twitter-Post Mercedes-Benz AG, November 2022

[www.linkedin.com/posts/mercedes-benz\\_ag\\_mercedesbenz-activity-7003387294770434048-169\\_?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/mercedes-benz_ag_mercedesbenz-activity-7003387294770434048-169_?utm_source=share&utm_medium=member_desktop)  
[twitter.com/MercedesBenz/status/1597621539641430016](https://twitter.com/MercedesBenz/status/1597621539641430016)

# Memberships

In the following, an extract of memberships in associations or organisations is listed which Mercedes-Benz Group evaluates as particular influential on climate-related policies. A comprehensive list of memberships is publically available in the Mercedes-Benz Group Sustainability Report as well as in the transparency registers of the European Union and of the German Parliament.

[Transparency Register \(europa.eu\)](#)  
[Lobbyregister German Bundestag](#)  
[Mercedes-Benz Group Sustainability Report 2022](#)

<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, civic bodies, public agencies, scientists, consultancies etc.
United Nations Global Compact	2000	Worldwide	A 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.
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 firmly establishing the concept of sustainable development in the business world, the WBCSD is run by its member companies; members include close to 200 companies from different sectors.
Alliance of Automobile Manufacturers (AAM)		USA	Association of automobile manufacturers.
Bundesverband der Deutschen Industrie – Federation of German Industry (BDI)		Germany	Umbrella organisation of German industry and industry-related service providers in Germany.
European Automobile Manufacturers' Association (ACEA)	1974	EU	ACEA represents the interests of 18 car, truck and bus manufacturers at the EU level.
European Round Table (ERT)	2020	EU	Network of European companies in the industry and technology sector.

<b>Name</b>	<b>Membership/ support since</b>	<b>Sphere of action</b>	<b>Founding groups and main partners</b>
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.
Verband der Automobilindustrie e.V. – German Association of the Automotive Industry e.V. (VDA)	1954	Germany	More than 600 companies active in production for the automotive industry in the Federal Republic of Germany are organised in the VDA; as a representative of this key sector of the German economy, the VDA maintains active dialogue with industry, the public, politics and customers.
Responsible Supply Chain Initiative RSCI e.V.	2021	Worldwide	The German Association of the Automotive Industry (VDA) and 14 other founding members created the Responsible Supply Chain Initiative RSCI e.V. In cooperation with manufacturers, suppliers and other associations, the VDA is developing a standardised technique 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 and the affected population.
The Climate Pledge	2020	Worldwide	An alliance of companies with the voluntary commitment to be CO <sub>2</sub> -neutral by 2040 – ten years ahead of the target for 2050 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 decline of demand 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; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilise our production capacities; price increases for fuel, raw materials or energy; disruption of production due to shortages of materials or energy, labour strikes or supplier insolvencies; 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; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending governmental investigations or of investigations requested by governments and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which are described under the heading “Risk and Opportunity Report” in the current [Annual Report](#) or in the current [Interim Report](#). 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.

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