

Annual Report 2024

Mercedes-Benz Group

The Mercedes-Benz Group

can look back on a tradition that goes back to the inventors of the automobile – Gottlieb Daimler and Carl Benz – and features pioneering achievements in automotive engineering. The Group is one of the most successful automobile companies in the world and is one of the largest providers of high-end cars and premium vans. Financing, leasing, vehicle subscriptions and rental, fleet management, digital services for charging and payment, insurance brokerage and innovative mobility services round off the range of services.



2.389 million

Unit sales



€145.6 billion

Revenue



€13.6 billion

EBIT



€9.2 billion

Free cash flow of the industrial business



175,264

Employees worldwide as of 31 Dec. 2024

Mercedes-Benz AMG MAYBACH Mercedes-Benz Bank Mercedes-Benz Financial Services ATHLON


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TO OUR SHAREHOLDERS

TO OUR SHAREHOLDERS

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Letter from the CEO



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

Dear Shareholders,

For the automotive industry, 2024 was characterized by a challenging geopolitical situation, a slower ramp-up of electromobility and a subdued consumer climate in Asia. Generally speaking, we have managed to steer Mercedes-Benz well through these difficult waters. At the same time, we have continued to press ahead with the implementation of our strategy, and thus set an important course for the future.

We owe this to the tireless commitment of our employees. Their skill, dedication and flexibility were the key to these solid results. The entire Board of Management would like to thank all of our colleagues for this.

Looking ahead, what topics are on our agenda?

Mercedes-Benz is about to embark on the biggest product launch programme in its history. We want to offer the most desirable products in all segments we serve. With a total of four new models, we will redefine the entry into the world of Mercedes-Benz from 2025. This year we are starting with our new CLA. In the important core segment, we will expand our electric portfolio and take the product substance of our models to the next level. In the Top-End segment, our customers can look forward to a range of new products from Mercedes-AMG in the next few years. The S-Class will continue to strengthen its undisputed leading position in its segment. In addition, we are continuing with the further development of our vans product portfolio.

With our product campaign, we are establishing a new design idiom. In the future, our vehicles will embody even more strongly what has characterized Mercedes for decades: confident ease and timeless style. For the future, we are focusing on coherence across the entire portfolio. Customers will primarily decide on a model – and then on their preferred type of drive. We are in a position to fulfil all customer requirements well into the 2030s – from electrified high-tech combustion engines to all-electric vehicles. Our guiding principle is that there is a perfect Mercedes-Benz for every customer requirement. Thanks to intelligent modularization and maximum efficiency in production, we are able to live up to this ambition.

The wishes of our global customers also take centre stage in the development of new technologies. Our own operating system MB.OS celebrates its debut with the new CLA. This marks an important milestone for us in terms of software and digitalization. The integration of artificial intelligence makes interaction with our cars even more natural, intuitive and personalized. We are also making great progress in terms of safety and automated driving. In Germany, our conditionally automated driving system DRIVE PILOT, is authorized to travel at speeds of up to 95 km/h. In Beijing, we have received authorization to test highly automated driving systems. This underscores our pioneering role in this field.

The environment is likely to remain extremely challenging in 2025. We are therefore working flat out to further improve the resilience of our business. We have set up a comprehensive programme for this purpose. We want to create a standardized and, above all, exceptional customer experience. Based on our strong product portfolio, we want to take better advantage of the global markets and increase the quality of our sales. We will sustainably reduce our costs over the next few years and further streamline our structures and processes. We are also launching an initiative to anchor the desire for top performance even more firmly in the corporate culture of Mercedes-Benz.

For people all over the world, the Mercedes star is a symbol of the highest engineering skills, iconic designs and the pursuit of social advancement and economic success. Our brand stands for maximum safety, excellent quality, unique comfort and intelligent technologies. Our team has been underpinning this reputation for almost 140 years. In the future, this strong team and the Board of Management in particular will become even more effective.

These are all good prerequisites for driving forward the successful future of Mercedes-Benz. We would be delighted if you were to accompany us on this journey.

Sincerely yours,

Ola Källenius

The Board of Management



Ola Källenius
Chairman of the Board of Management
Appointed until May 2029



Dr Jörg Burzer
Production, Quality & Supply Chain Management
Appointed until November 2029



Mathias Geisen
(Member since February 2025)
Marketing & Sales
(since March 2025)
Appointed until January 2028



Renata Jungo Brüngger
Integrity, Governance & Sustainability
Appointed until October 2025



Sabine Kohleisen
Human Relations & Labour Director
Appointed until April 2025



Markus Schäfer
Chief Technology Officer, Development & Procurement
Appointed until May 2026



Britta Seeger
Marketing & Sales
(until February 2025)
Human Relations & Labour Director
(as of May 2025)
Appointed until December 2029



Oliver Thöne
Greater China
(since February 2025)
Appointed until January 2028



Hubertus Troska
Greater China
(until January 2025)
“Business Model China”
(since February 2025)
Appointed until July 2025



Harald Wilhelm
Finance & Controlling/ Mercedes-Benz Mobility
Appointed until March 2027

⊕ Further information on the members of the Board of Management of Mercedes-Benz Group AG

Report of the Supervisory Board



Dr Martin Brudermüller
Chairman of the Supervisory Board
of Mercedes-Benz Group AG

Dear Shareholders,

The global environment presented the business of the Mercedes-Benz Group with numerous challenges in 2024: ongoing geopolitical conflicts, trade policy uncertainties and volatile markets characterized the framework conditions.

We successfully faced the challenges with determination and conviction in our own abilities as well as flexibility in our actions. In this demanding and intensely competitive environment, the Mercedes-Benz Group asserted its position as one of the leading suppliers of premium and luxury vehicles globally. I would also therefore like to thank all employees who gave their best in 2024.

The economic, regulatory and political conditions will not become any easier in the foreseeable future. As a company, we can only influence this to a limited extent.

It is therefore all the more important that the Mercedes-Benz Group positions itself optimally, exploits efficiency potentials, and remains willing to change and competitive while consistently going forward with the transformation towards digitization and electrification. In addition, with the further development of the Board of Management we are rejuvenating this body and providing new impulses at crucial points.

The Mercedes-Benz Group is heading into the 2025 financial year resolutely and optimistically. In doing so, we rely on our strengths: innovative technologies and products, financial solidity and a clear focus on a profitable, sustainable and resilient business model.

Supervisory and advisory activities of the Supervisory Board

In the 2024 financial year, the Supervisory Board of Mercedes-Benz Group AG again performed, in full, the duties incumbent upon it by law, the articles of association and the rules of procedure.

In this context, the Supervisory Board continuously advised and monitored the Board of Management in the management of the company and provided support on strategically important issues for the further development of the company.

The Supervisory Board reviewed whether the individual company and Consolidated Financial Statements, the Combined Management Report including the sustainability reporting and the other financial reporting complied with the applicable requirements.

Furthermore, after careful review and consultation, it approved numerous business transactions subject to its consent. This related in particular to the approval of extensive investment in the further development of the Mercedes-Benz operating system MB.OS as well as the drive and product portfolio. It also included financial and investment planning, cooperation projects and the conclusion of contracts of particular importance to the company. The Board of Management informed the Supervisory Board about a large number of other measures and business transactions and discussed them intensively and in detail with the Supervisory Board; for example, the effects on the company of political developments and trade conflicts in the main sales markets as well as the reaction to them in terms of business policy.

The Board of Management regularly informed the Supervisory Board about all significant business developments of the Group and the divisions. During the reporting period, it kept the Supervisory Board continuously informed about all fundamental issues regarding corporate planning, including financial, investment, sales and personnel planning; current developments at Group companies; the development of revenue; the situation of the company and the divisions; the economic and political environment; and the current status and assessment of significant legal proceedings. In addition, the Board of Management continuously reported to the Supervisory Board on the profitability and liquidity situation of the company, the development of sales and procurement markets, the overall economic situation and developments on the capital markets and in the financial services sector. Other topics included the further development of the product portfolio, securing the long-term competitiveness of the company and the further implementation of measures to ensure sustainable, future-oriented mobility. The Supervisory Board also dealt in detail with the capital market and its expectations, the share-price development and its background, as well as the expected effects of the strategic projects on the share-price development.

Working methods of the Supervisory Board

In the 2024 financial year, the Supervisory Board held eight meetings. Seven meetings were held in person, with the option of participation in virtual form or via telephone, and one meeting was held as a video conference. Meeting attendance by the members was at a very high level, as can be seen in the detailed overview at the end of this report.

The work of the Supervisory Board was characterized by open and intensive dialogue. The members of the Supervisory Board regularly prepared for upcoming resolutions using documents provided in advance by the Board of Management. The employee and shareholder representatives also regularly prepared the meetings in separate discussions, which were also attended by members of the Board of Management. In addition, the Supervisory Board was supported in depth by its committees. At the meetings of the Supervisory Board, its members discussed the measures and transactions to be resolved in detail with the Board of Management. Executive sessions were regularly scheduled for the meetings so that topics could be discussed also in the absence of the Board of Management.

The Supervisory Board was informed of special events outside the regular meetings. In addition, some members of the Supervisory Board and the Board of Management held bilateral meetings to exchange views. The Board of Management also informed the Supervisory Board of the key indicators of the business

development and of existing risks by means of written reports.

The members of the Supervisory Board assume responsibility for their training and further education measures in areas such as changes in the legal framework and new, forward-looking technologies that are required for the performance of their tasks and are supported in this by the company. In the reporting period, for example, the company held information events on 'Digital Trust' as part of the sustainable business strategy as well as on the Mercedes-Benz operating system MB.OS. Both internal and external experts were involved in these events. In addition, new members of the Supervisory Board have the opportunity to meet the members of the Board of Management and senior executives with specialist responsibility in a specifically designated onboarding programme for a bilateral exchange on fundamental and current topics in respect of the relevant areas of the Board of Management, thus gaining an overview of the topics relevant to the company and of the governance structure. ESG (environmental, social and governance) and sustainability-related thematic blocks are also an integral part of this programme. Furthermore, the members of the Supervisory Board are regularly informed about the regulatory environment relevant to their work on the Supervisory Board and other legal developments affecting them.

Topics of the Supervisory Board' Work

On 19 January 2024, at an extraordinary meeting, the Supervisory Board was informed of the plans of the Board of Management to comprehensively review the structures of the Group's Own Retail operations in Germany and this was discussed intensively.

In its meeting on 21 February 2024, the Supervisory Board decided on the extension of Renata Jungo Brüngger's and Britta Seeger's appointments. In the presence of representatives of the auditor, the Supervisory Board then discussed the preliminary key figures of the 2023 company and the Consolidated Financial Statements, the outlook for 2024 as well as the preliminary proposal to the 2024 General Meeting for the appropriation of profits and noted them with approval. The Supervisory Board determined that there were no objections to their publication. The preliminary key figures for the 2023 financial year, the outlook for 2024 and the preliminary proposal for the appropriation of profits were published at the annual press conference on 22 February 2024. At the same meeting the Supervisory Board approved the new general share buyback policy as well as another share buyback programme to the value of up to €3 billion intended by the Board of Management as well as the general share buyback policy. Furthermore, the Supervisory Board discussed the results of the self-assessment carried out in the 2023 financial year, which confirmed very good professional cooperation characterized by a high degree of trust between members of the Supervisory Board and with the Board of Management. In addition, the Board of Management provided information on the status of the fulfilment of the settlement concluded with the US authorities in relation to diesel emissions. Furthermore, the body dealt with the Board of Management's remuneration on the basis of the remuneration system approved by the General Meeting in 2023.

At the meeting in March 2024, the Supervisory Board discussed the Annual Financial Statements, the Consolidated Financial Statements and the Combined Management Report, including the Non-Financial Declaration for the 2023 financial year of Mercedes-Benz Group AG and the Group, each of which had been issued with an unqualified audit opinion by the auditor, as well as the reports of the Audit Committee and the Supervisory Board, the Declaration on Corporate Governance, the Remuneration report, and the proposal for the appropriation of profits. The members of the Supervisory Board were provided with extensive documentation for their preparation. In addition, the Supervisory Board passed its proposed resolutions on the agenda items for the 2024 Annual General Meeting. In order to meet the expectations of investors to improve shareholder participation, it was decided, among other things, to again publish a shareholder letter before the Annual General Meeting. This includes comments on strategy, the share buyback programme, the proposed dividend, the Supervisory Board, the Board of Management's remuneration and legal issues.

At its meeting on 24 April 2024, the Supervisory Board was informed of current legal issues. It welcomed the decision by the U.S. Department of Justice to end the criminal investigations against the company in relation

to diesel emissions. The Board of Management then provided information on the measures to mitigate cyber security risks, including in the area of production. The Supervisory Board also dealt with the refocusing and operationalization of the sustainable business strategy, going into detail in particular on the preliminary results of the double materiality assessment carried out based on the European Sustainability Reporting Standards (ESRS). Furthermore, the Supervisory Board decided on a series of measures that required its approval.

At the virtual Annual General Meeting held on 8 May 2024, the candidate suggested by the Supervisory Board, Dr Doris Höpke, was elected as successor to Dr Bernd Pischetsrieder, who left the body at the end of the Annual General Meeting. In addition, I was re-elected early as a member of the Supervisory Board, effective from the end of the 2025 Annual General Meeting. At the Supervisory Board meeting that took place following the Annual General Meeting, I was elected as successor to Dr Bernd Pischetsrieder as chairman of the Supervisory Board. In addition, elections were also held on committee appointments.

At the end of July 2024, the Supervisory Board met for another meeting. Together with the Board of Management, the Supervisory Board discussed the business development and the results for the first half of the year in detail. The Supervisory Board went into detail on the product strategy as well as the Mercedes-Benz operating system MB.OS. Furthermore, it approved product projects that required its approval. Moreover, the Board of Management provided information on the expansion of the high-power charging network in the United States as well as the opening of the new competence centre for the development of innovative high-power battery cells and new manufacturing processes (eCampus) in the Stuttgart-Untertürkheim plant. Finally, the Supervisory Board was informed of current legal issues as well as the status of the fulfilment of the settlement concluded with the US authorities in relation to diesel emissions.

In September 2024, the Supervisory Board convened in Beijing for a strategy meeting lasting several days. The meeting focused on discussing the strategic challenges, in particular the challenges of the Chinese market, which is of particular relevance to the company. Involving the responsible managers from Germany and China, the members of the Supervisory Board and the Board of Management discussed in a constructive and open dialogue how Merecdes-Benz would position itself to face existing and new challenges and which opportunities should be made use of. An integral component of the discussions included sustainability aspects as well as the perspective of the capital market. The Supervisory Board also used the trip to Beijing to meet important business partners as well as representatives of important Chinese companies. In the context of the regular ESG reporting, the Board of Management also reported on the operationalization of the six focus areas of the sustainable business strategy (decarbonization, resource utilization and circular economy, employees, human rights, digital trust as well as road safety), going into particular detail on the management of sustainability topics.

As part of the meeting held on 11 December 2024, the Supervisory Board dealt with and approved the business planning (Mercedes-Benz Business Planning) based on comprehensive documentation and discussed existing opportunities and risks in this context. In addition, the Supervisory Board decided on changes to the Board of Management. Other items on the agenda included the Board of Management's report on the current financial status, volumes and prices of vehicle clusters of current as well as future portfolios of Mercedes-Benz Cars and Mercedes-Benz Vans as well as the Supervisory Board's resolutions on several measures subject to its approval. Furthermore, the body dealt with the Board of Management's report on the development of current as well as concluded acquisitions and cooperations. In addition, the Supervisory Board was informed of the sustainability reporting, in particular on the important impacts, risks and opportunities (IROs) which were determined as part of the materiality assessment.

Further topics in the meeting included remuneration, corporate governance issues and legal matters. In particular, the Supervisory Board, together with its legal experts, dealt in detail with the question of any potential liability of Members the Board of Management regarding the diesel emissions issue. The Supervisory Board agreed with the findings of its legal experts and the recommended resolution from the Legal Affairs Committee and concluded that there are

no claims against any of the Members of the Board of Management who had been on the Board since 2005.

Furthermore, the Supervisory Board received reports on the status of anti-trust matters and the progress of the review of potential responsibilities in this context.

Work in the Committees

The Supervisory Board has set up five committees. These are the Presidential Committee, the Audit Committee, the Legal Affairs Committee, the Nomination Committee and the Mediation Committee. The chairs of the various committees provided the Supervisory Board's plenary meetings with detailed reports on the work of the committees. You can find detailed information on the tasks of the committees of the Supervisory Board in the Declaration on Corporate Governance.

The **Presidential Committee** held two meetings in the past financial year. Both meetings were held in person, with the option to take part virtually or by telephone. In particular, the Committee discussed personnel matters and succession planning for appointments to the Board of Management. Furthermore, the Presidential Committee discussed the acceptance by members of the Board of Management of board positions at other companies and institutions, corporate governance issues, D&O insurance and the remuneration of the Board of Management. The committee specifically addressed the proposal for the further development of the remuneration system for the Board of Management, which is to be submitted to the General Meeting for approval.

The **Audit Committee** held six meetings in the year 2024. Five meetings were held in person, with the option of participation in virtual form or via telephone, and one meeting was held as a video conference. The Chairman of the Supervisory Board attended all meetings as a permanent guest. Other permanent participants, in compliance with the statutory requirements, were the Chairman of the Board of Management, the members of the Board of Management responsible for Finance and Controlling and for Integrity, Governance & Sustainability, and the representatives of the auditor. The heads of specialist departments such as Accounting, Corporate Audit, Compliance and Legal also provided information on individual items on the agenda. Regular executive sessions also took place with the auditor without the presence of the Board of Management. The Audit Committee audited and discussed the Annual Financial Statements, the Consolidated Financial Statements and the Combined Management Report, including the Non-Financial Declaration of Mercedes-Benz Group AG and the Group for the 2023 financial year, each of which had been issued with an unqualified audit opinion by the auditor, as well as the Remuneration report, the Declaration on Corporate Governance, and the proposal for the appropriation of profits. Furthermore, in the reporting period, the committee dealt in detail with the interim financial reports for the first and third quarters of 2024 and the mid-year financial report 2024 as well as the results of the auditor's review. Furthermore, the committee received the reports from the units Corporate Audit, Compliance and Legal. The reports from Corporate Audit included reviews and findings related to ESG and the reports from Legal covered the current status of important legal proceedings, including anti-trust proceedings as well as proceedings in relation to diesel emissions. In addition, the Audit Committee received regular reports on possible violations of rules, which employees and external parties reported to the BPO (Business & People Protection Office) whistle-blowing system. The Audit Committee dealt with issues of accounting, financial reporting and non-financial reporting. In so doing, the draft version of the law on the implementation of Directive (EU) 2022/2464 regarding corporate sustainability reporting, the status of the materiality assessment and the resulting impacts, risks and opportunities (IROs) were dealt with. Taking into account audit quality indicators, the Audit Committee reviewed the quality, qualification and the independence of the auditor. Moreover, the committee discussed the appropriateness, effectiveness and functionality of the risk management system, the internal review system and the compliance management system (including sustainability-related aspects). It received, among other things, reports on the integration of sustainability topics into the existing risk management process (in particular ESG risks and opportunities as well as the inside-out perspective), the refocused sustainability business strategy, adjustments to ESG governance and the newly established Mercedes-Benz Sustainability Management Model. After the election of the auditor by the General

Meeting, the Audit Committee engaged the auditor to conduct the annual audit and the auditor's review of the interim financial reports. In addition, the Audit Committee agreed on the important audit issues and negotiated the audit fees with the auditor. The Audit Committee also engaged the auditor to conduct the audit of the sustainability reporting as part of the Management Report. Furthermore, the committee dealt with the management of currency, energy and raw material risks and received the reports from the Head of Taxes, the Data Protection Officer for the Group as well as Human Rights Officer. During the reporting period, the Audit Committee carried out a self-evaluation of its activities, on the basis of an extensive company-specific questionnaire. The positive results of this self-evaluation were presented and discussed in the meeting on 19 February 2025. A basic need for change was not evident. Individual ideas and suggestions were discussed.

The **Legal Affairs Committee** held three meetings in the year 2024. Two meetings were held in person, with the option of participation in virtual form or via telephone, and one meeting was held as a video conference. In those meetings, the Committee was informed in detail about legal matters relating to emissions and cartels and discussed these matters in the presence of the legal advisers of the Supervisory Board. It discussed the continuing further development of the technical compliance management system, also with respect to future technologies. Following the completion of the analysis initiated by the Supervisory Board, the Committee dealt in detail with the question of any potential liability of Members of the Board of Management regarding the diesel emissions issue. In doing so, the Committee members, together with their legal experts, analysed all circumstances from a factual and legal perspective and agreed with the findings of the legal experts. The Committee concluded that there are no claims against any of the Members of the Board of Management, and submitted a corresponding resolution recommendation to the Supervisory Board.

As part of the settlement reached with the US authorities in connection with diesel emissions, the Committee was assigned specific tasks and decision-making competences with regard to the fulfilment of the obligations assumed in the settlement. The Committee also fulfilled these tasks in full and with great care. Furthermore, the Committee received reports on the status of anti-trust matters and the progress of the review of potential responsibilities in this context.

The **Nomination Committee** held two meetings in the 2024 financial year, both of them as video conferences. The Committee specifically considered the recommendations for the proposals of the Supervisory Board to the General Meeting regarding the election of shareholder representatives to the Supervisory Board. In this context, it was guided by the interests of the company, taking all circumstances of the individual case into account, and striving to fulfil the overall profile of requirements, along with the diversity concept and competence profile for the entire Supervisory Board.

During the reporting period, there was no reason to convene the **Mediation Committee**.

Corporate governance and declaration of compliance

During the 2024 financial year, the Supervisory Board continuously addressed the standards of good corporate governance.

Following my election as chairman of the Supervisory Board in May 2024, as part of the ongoing investor dialogue I conducted talks in September 2024 with investors and proxy advisors on Supervisory Board-specific topics such as Board of Management remuneration and the work and composition of the Supervisory Board and its committees.

In July 2024, the Supervisory Board agreed on measures to make the work of the committee more effective and to create additional room for strategic discussions. At the same time, the members of the Supervisory Board agreed that they wanted to be available to the Board of Management even more as sparring partners and to discuss existing risks more intensively.

In December 2024, the Supervisory Board adopted the regular 2024 Declaration of Compliance. With the exceptions explained there, all recommendations of the Code have been and are being complied with. In addition, the Supervisory Board agreed on adjustments to the overall requirements profile for the composition

of the Board of Management and the Supervisory Board.

In the interests of good corporate governance, the members of the Supervisory Board of Mercedes-Benz Group AG are required to disclose to the Supervisory Board as a whole any conflicts of interest, in particular those that could arise as a result of an advisory or board function with customers, suppliers or lenders of Mercedes-Benz Group AG or other third parties.

There were no indications of actual conflicts of interest during the 2024 financial year.

The Supervisory Board regularly assesses how effectively the Supervisory Board and its committees perform their duties. In 2023, a comprehensive self-assessment of the Supervisory Board and its committees on the basis of an extensive questionnaire and additional interviews took place with the involvement of an external consultant. The Board of Management's perspective was also included in this assessment. The results of the audit, which the Supervisory Board dealt with extensively at its meeting on 21 February 2024, confirm that the members of the Supervisory Board cooperate very effectively and professionally with one another and with the Board of Management and do so on a basis of great trust.

The Audit Committee also conducted a self-evaluation of its activities on the basis of a comprehensive company-specific questionnaire in 2024. The positive results of this self-assessment were presented and discussed at the Audit Committee meeting on 19 February 2025.

For supervisory boards of listed companies subject to codetermination and equal representation of shareholders and employees on the supervisory board, such as that of Mercedes-Benz Group AG, the German Stock Corporation Act (AktG) prescribes a mandatory gender quota of at least 30% women and 30% men. The quota is to be met by the Supervisory Board as a whole.

As of 31 December 2024, women make up 40% of the shareholder side of the Supervisory Board of Mercedes-Benz Group AG with Liz Centoni, Dame Polly Courtice, Dr Doris Höpke and Professor Dr Helene Svahn, while the remaining 60% are men. On the employee side, Nadine Boguslawski, Gabriela Neher, Pia Simon and Monika Tielsch make up 40% women and the remaining 60% are men. Thus, the Supervisory Board as a whole also currently fulfils the statutory quota. On 1 January 2025, Ms Barbara Resch was appointed by the court as successor to Roman Zitzelsberger, who left the Supervisory Board on 31 December 2024. Since this point in time, 50% women and 50% men belong to the Supervisory Board on the employee side.

At its meeting on 19 February 2025, on the recommendation of the Nomination Committee, the Supervisory Board decided to propose to the 2025 General Meeting to re-elect Ben van Beurden, Liz Centoni, Timotheus Höttges, Olaf Koch and Prof Dr Helene Svahn to the Supervisory Board. If the proposed candidates are re-elected, the proportion of women on the shareholder side will remain at 40%. The gender quota would remain fulfilled both on the shareholder side and for the Supervisory Board as a whole.

Corporate governance at Mercedes-Benz Group is explained in detail in the Declaration on Corporate Governance.

Changes in the Supervisory Board and the Board of Management

Several members of the Board of Management were reappointed in the course of the financial year. The reappointment periods are in line with the Supervisory Board's guidelines on the appointment and reappointment of members of the Board of Management.

At its meeting on 21 February 2024, the Supervisory Board reappointed Renata Jungo Brüngger as a member of the Board of Management of Mercedes-Benz Group AG with effect from 1 January 2025 for a further one-year term, and Britta Seeger with effect from 1 January 2025 for a further five-year term.

At the virtual Annual General Meeting on 8 May 2024, the candidate proposed by the Supervisory Board, Dr Doris Höpke, was elected to the Supervisory Board as the successor to Dr Bernd Pischetsrieder, who left the body at the close of the Annual General Meeting. In addition, I was re-elected early to the Supervisory Board, effective from the end of the 2025 Annual General Meeting. In the Supervisory Board meeting that took place following the Annual General Meeting, I was

elected as successor to Dr Bernd Pischetsrieder as chairman of the Supervisory Board. In addition, elections were also held on committee appointments.

At the end of 31 May 2024, Roman Romanowski left the Supervisory Board. The court appointment of his successor, Sebastian Fay, was effective as of 1 June 2024. Pia Simon, the successor to Dr Frank Weber who also left the Supervisory Board at the end of 31 May 2024, took up office as his elected replacement member effective as of 1 June 2024.

At the Supervisory Board Meeting on 11 December 2024, the Supervisory Board decided on changes to the Board of Management. The Supervisory Board appointed Mathias Geisen as a member of the Board of Management of Mercedes-Benz Group AG for a term of three years, effective as of 1 February 2025.
As of 1 March 2025 he took over responsibility for the 'Marketing & Sales' division from Britta Seeger. As of 1 May 2025, Britta Seeger is taking over responsibility for the division 'Human Relations and Labour Director' from Sabine Kohleisen, who will be leaving the Board of Management on 30 April 2025. In addition, the Supervisory Board appointed Oliver Thöne as a member of the Board of Management of Mercedes-Benz Group AG for a term of three years, effective as of 1 February 2025. He assumed responsibility for the 'Greater China' division from Hubertus Troska. Lastly, the Supervisory Board appointed Olaf Schick as a member of the Board of Management of Mercedes-Benz Group AG for a term of three years, effective as of 1 October 2025. As of 1 November 2025, he takes over responsibility for the 'Integrity, Governance & Sustainability' division from Renata Jungo Brüngger, who will be leaving the Board of Management on 31 October 2025. The Supervisory Board would like to thank the very esteemed members of the Board of Management Sabine Kohleisen, Renata Jungo Brüngger and Hubertus Troska, who are leaving the Board in the course of the 2025 financial year, for their willingness to hand over their respective areas of responsibility to their successors before their own contracts end, thus enabling the changes to the Board of Management.

At the end of 31 December 2024, Roman Zitzelsberger left the Supervisory Board. The court appointment of his successor Barbara Resch took place with effect from 1 January 2025.

At the Supervisory Board Meeting on 19 February 2025, based on a corresponding recommendation from the Nomination Committee, the shareholder representatives decided to propose to the 2025 Annual General Meeting to re-elect Ben van Beurden, Liz Centoni, Timotheus Höttges, Olaf Koch and Prof Dr Helene Svahn to the Supervisory Board.

Audit of the individual company and Consolidated Financial Statements

The Annual Financial Statements of Mercedes-Benz Group AG as well as the Consolidated Financial Statements and the Combined Management Report for Mercedes-Benz Group AG and the Group for 2024 were duly audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and issued with an unqualified audit opinion. In addition, the sustainability reporting was subject to a voluntary audit to obtain limited assurance, whereby individual disclosures were checked with reasonable assurance. The audit was provided with a corresponding audit opinion.

In a meeting of the Supervisory Board on 19 February 2025, the preliminary key figures of the 2024 company and Consolidated Financial Statements, the Combined Management Report including the sustainability reporting 2024, as well as the preliminary proposal to the 2025 General Meeting for the appropriation of profits were discussed and noted with approval in the presence of representatives of the auditor. The Supervisory Board determined that there were no objections to their publication. The preliminary key figures for the 2024 financial year and the preliminary proposal for the appropriation of profits were published at the annual press conference on 20 February 2025. At the same meeting, the Supervisory Board approved another share buyback programme agreed on by the Board of Management to the value of up to €5 billion over a period of up to 24 months. The share buyback programme is based on and in accordance with the general share buyback policy and is subject to the renewed authorisation of the Annual General Meeting in May 2025 to buy back company shares to the extent of up to 10% of the share capital.

On 11 March 2025, the Supervisory Board discussed the Annual Financial Statements, the Consolidated Financial Statements and the Combined Management Report, including the sustainability reporting for Mercedes-Benz Group AG and the Group as well as the Declaration on Corporate Governance, the Remuneration Report, and the proposal for the appropriation of profits.

The members of the Supervisory Board were provided with extensive documentation for their preparation, including the Annual Report with the Consolidated Financial Statements compiled in accordance with IFRS, the Combined Management Report including the sustainability reporting for Mercedes-Benz Group AG and the Group, as well as the Declaration on Corporate Governance, the Remuneration report, the Annual Financial Statements of Mercedes-Benz Group AG, the proposal of the Board of Management for the appropriation of profits, the audit opinions of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft for the Annual Financial Statements of Mercedes-Benz Group AG and the consolidated financial statements, in each case including the Combined Management Report, the note on the voluntary audit of the sustainability reporting, and a draft of the report of the Supervisory Board.

The Audit Committee and the Supervisory Board reviewed these documents in detail and discussed them intensively in the presence of the auditors, who reported on the results of their audit and, in particular, addressed the key audit matters and the relevant audit procedures, including the conclusions drawn, and were available for additional questions and information.

Following the final result of the review by the Audit Committee and its own review, the Supervisory Board concurred with the result of the audit by the auditor. It determined that there were no objections to be raised and adopted the financial statements prepared by the Board of Management and the Combined Management Report, including the sustainability reporting. The 2024 Annual Financial Statements of Mercedes-Benz Group AG were thus adopted. On this basis, the Supervisory Board endorsed the proposal of the Board of Management for the appropriation of distributable profits.
The Supervisory Board also adopted the Report of the Supervisory Board, the Declaration on Corporate Governance and the Remuneration report, as well as its proposed resolutions on the agenda items for the 2025 Annual General Meeting.

Appreciation
The Supervisory Board would like to thank the Board of Management members and all employees of the Mercedes-Benz Group for their dedicated contribution to the results of the 2024 financial year.

The Supervisory Board would also like to thank Roman Romanowski, Dr Frank Weber and Roman Zitzelsberger, who closely supported the company through their dedicated work on the Supervisory Board and left the Supervisory Board last year.

A special thank you goes to the former chairman of the Supervisory Board Dr Bernd Pischetsrieder who has rendered outstanding services to the company.

Stuttgart, March 2025

For the Supervisory Board

Dr Martin Brudermüller
Chairman

Individualized disclosure of attendance at meetings by members of the Supervisory Board of Mercedes-Benz Group AG in the 2024 financial year

	Plenary Supervisory Board		Presidential Committee		Audit Committee		Nomination Committee		Legal Affairs Committee	
	Participation in meetings	Participation rate (in %)	Participation in meetings	Participation rate (in %)	Participation in meetings	Participation rate (in %)	Participation in meetings	Participation rate (in %)	Participation in meetings	Participation rate (in %)
Dr Martin Brudermüller[1] (Chairman, since 8 May 2024)	8/8	100	1/1	100			2/2	100		
Dr Bernd Pischetsrieder (former Chairman, until 8 May 2024)	4/4	100	1/1	100			1/1	100		
Michael Bettag	8/8	100								
Ben van Beurden	8/8	100	2/2	100			2/2	100		
Nadine Boguslawski	8/8	100								
Liz Centoni[2]	6/8	75					1/1	100	1/1	100
Dame Veronica Anne (“Polly”) Courtice	8/8	100							3/3	100
Sebastian Fay (since 1 June 2024)	3/3	100			3/3	100			2/2	100
Marco Gobbetti	8/8	100								
Michael Häberle	8/8	100							3/3	100
Dr Doris Höpke (since 8 May 2024)	4/4	100							2/2	100
Timotheus Höttges	7/8	88			5/6	83				
Olaf Koch[3]	8/8	100			6/6	100			3/3	100
Ergun Lümali	8/8	100	2/2	100	6/6	100			3/3	100
Gabriela Neher	8/8	100								
Michael Peters	7/8	88								
Stefan Pierer	7/8	88								
Roman Romanowski (until 31 May 2024)	5/5	100			3/3	100			1/1	100
Pia Simon (since 1 June 2024)	3/3	100								
Prof Dr Helene Svahn	8/8	100								
Monika Tielsch	8/8	100								
Dr Frank Weber (until 31 May 2024)	5/5	100								
Roman Zitzelsberger (until 31 December 2024)	8/8	100	2/2	100						

1 Chairman of the Presidential Committee and the Nomination Committee.
2 Liz Centoni was a member of the Legal Affairs Committee until 8 May 2024 and is a member of the Nomination Committee since 8 May 2024.
3 Chairman of the Audit Committee and the Legal Affairs Committee.

The Supervisory Board

Dr Martin Brudermüller
Chairman of the Supervisory Board
of Mercedes-Benz Group AG
(Chairman since 8 May 2024)
Elected until 2028

Ergun Lümali*
Deputy Chairman of the Supervisory Board
of Mercedes-Benz Group AG;
Chairman of the Group Works Council
of Mercedes-Benz Group AG;
Chairman of the General Works Council
of Mercedes-Benz Group AG;
Chairman of the Works Council
of Mercedes-Benz Sindelfingen Plant
Elected until 2028

Michael Bettag*
Chairman of the Works Council of the Mercedes-Benz
Nuremberg Own Retail Branch
Elected until 2028

Ben van Beurden
Former Chief Executive Officer Shell plc
Elected until 2025

Nadine Boguslawski*
Head Treasurer of IG Metall
Elected until 2028

Liz Centoni
Executive Vice President and
Chief Customer Experience Officer,
Cisco, Inc.
Elected until 2025

Dame Veronica Anne (“Polly”) Courtice
Former Director of the University of Cambridge
Institute for Sustainability Leadership
Elected until 2026

Sebastian Fay*
Head of Collective Bargaining Policy and Craft Trades
at IG Metall Headquarter Frankfurt
(since 1 June 2024)
Appointed until 2028

Marco Gobbetti
Former Chief Executive Officer of
Salvatore Ferragamo S.p.A.
Elected until 2026

Michael Häberle*
Deputy Chairman of the Group Works Council
of Mercedes-Benz Group AG;
Deputy Chairman of the General Works Council
of Mercedes-Benz Group AG;
Chairman of the Works Council
at the Mercedes-Benz Untertürkheim Plant
Elected until 2028

Dr Doris Höpke
C-Suite/Senior Advisor and Mediator (independent
and partnering with Reckhenrich Advisors)
(since 8 May 2024)
Elected until 2028

Timotheus Höttges
Chairman of the Board of Management
of Deutsche Telekom AG
Elected until 2025

Olaf Koch
Partner and Managing Director of Zintinus GmbH
Elected until 2025

Gabriela Neher*
Member of the Works Council at the
Mercedes-Benz Rastatt Plant
Elected until 2028

* Employee representatives

Further information on the members of the Supervisory Board of Mercedes-Benz Group AG

Michael Peters*
Chairman of the Works Council of
Mercedes-Benz Bremen Plant
Elected until 2028

Stefan Pierer
Chairman of the Board of Management of
Pierer Industrie AG
Elected until 2027

Barbara Resch*
IG Metall District Manager Baden-Württemberg
(since 1 January 2025)
Appointed until 2028

Pia Simon*
Director Integrity Management & Corporate
Responsibility; Chairwoman of the Management
Representatives Committee, Mercedes-Benz Group
(since 1 June 2024)
Elected until 2028

Prof Dr Helene Svahn
Professor in Nanobiotechnology at the
Royal Institute of Technology, Sweden
Elected until 2025

Monika Tielsch*
Member of the Works Council at the
Mercedes-Benz Sindelfingen Plant (RD)
Elected until 2028

Roman Zitzelsberger*
Former IG Metall District Manager Baden-Württemberg
(until 31 December 2024)

Retired from the Supervisory Board

Dr Bernd Pischetsrieder
Chairman of the Supervisory Board
of Mercedes-Benz Group AG
Retired on 8 May 2024

Roman Romanowski*
In-house Legal Counsel
to the Board of Management of IG Metall
Retired on 31 May 2024

Dr Frank Weber*
Center Manager BodyTEC, Mercedes-Benz AG;
Chairman of the Management Representatives
Committee, Mercedes-Benz Group
Retired on 31 May 2024

* Employee representatives

Further information on the members of the Supervisory Board of Mercedes-Benz Group AG


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COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT

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Corporate Profile

Business model[1]

Overview

The Mercedes-Benz Group can look back on a tradition that goes back to the inventors of the automobile – Gottlieb Daimler and Carl Benz – and features pioneering achievements in automotive engineering. The Group is one of the most successful automobile companies in the world and is one of the largest providers of high-end cars and premium vans. Financing, leasing, vehicle subscriptions and rental, fleet management, digital services for charging and payment, insurance brokerage and innovative mobility services round off the range of services.

The Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility divisions manage the business operations of the Mercedes-Benz Group.

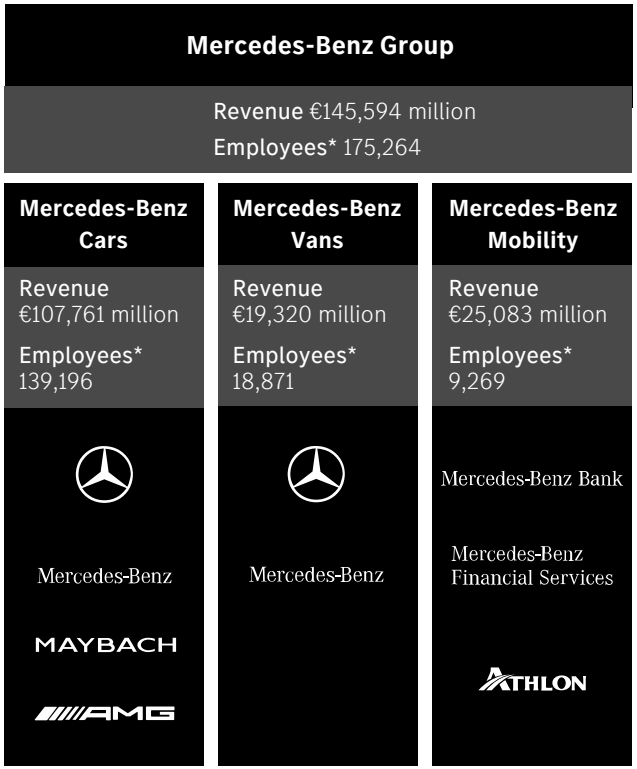
In the reconciliation of the segments to the Group (reconciliation), investments not allocated to the divisions and gains and/or losses at the corporate level are shown. In addition, the reconciliation includes effects from the elimination of intra-Group transactions between the segments.

Mercedes-Benz Group AG is the parent company of the Mercedes-Benz Group and has its headquarters in Stuttgart. Along with Mercedes-Benz Group AG, the Mercedes-Benz Group comprises all subsidiaries over which Mercedes-Benz Group AG can exercise a controlling influence either directly or indirectly. Detailed information on this topic can be found in the statement of investments pursuant to Section 313 of the German Commercial Code (HGB) in the Notes to the Consolidated Financial Statements.

Mercedes-Benz Group AG defines the Group strategy, manages the Group and, as the Group parent company, ensures the effectiveness of legal, organizational and compliance-related functions throughout the Group.

The management reports for Mercedes-Benz Group AG and for the Group are combined within this annual report.

The Mercedes-Benz brand is one of the most valuable brands in the world[2]. The following graphic provides an overview of the Group and its brands.



*As of 31 December 2024

1 This chapter contains disclosure requirements related to the European Sustainability Reporting Standards (ESRS) with respect to strategy, business model and value chain.
2 Study by the US brand consulting company Interbrand in October 2024.

The Mercedes-Benz Group's value chain provides an overview of the Group's own business activities as well as the upstream and downstream value chain.

The Mercedes-Benz Group uses a wide variety of material and intangible resources. Employees play a crucial role throughout the entire value chain. The most important intangible resources are the brand, the supplier network and the innovation potential. As one of the most traditional and valuable brands in the world, the Mercedes-Benz brand is well known worldwide. The global supplier network ensures the Group's access to external technology and is the cornerstone of an efficient production process. The Group's great innovation potential forms the basis for the development of high-end products for its customers. New standards in vehicle technology and design are regularly set and the short and long-term competitiveness of the Mercedes-Benz Group is secured.

Value Chain of the Mercedes-Benz Group

Input: material / immaterial resources (e.g. human capital, brand)

Upstream	Own Operations			Downstream		
Supply Chain	Development of products	Production	Marketing & Sales	Sales and Service Partners	Vehicle operation	Reuse & recycling
Procurement of raw materials, materials, and services/ development partnerships	Innovative vehicle technology and design	Global production network and expansion of electric vehicle production	Customer contact management and customer retention	Sales and service quality as well as parts availability	Electrification of the product portfolio	Implementation of a circular economy
Use of sustainable materials	Battery technology	Net carbon-neutral* production and efficient resource use	Product management and market research		Customer-oriented driving experience	Refurbishment and recycling
Global supplier network	Conditionally auto-mated driving systems	High-end cars and premium vans	Management of the sales system		Safety as a core brand value	Battery recycling concept
	Innovative digital services		Internal and external communication		Expansion of the digital customer experience, charging infrastructure, and digital charging services	
	Charging solutions for electric vehicles					
	Financial and mobility services					

Output: high-end cars, premium vans and financial and mobility services

* Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.

The Group is continuously developing its global production network and making production more flexible in terms of drive systems. The “Mercedes-Benz Group Global Production Network” graphic shows the production sites around the world as of 31 December 2024.

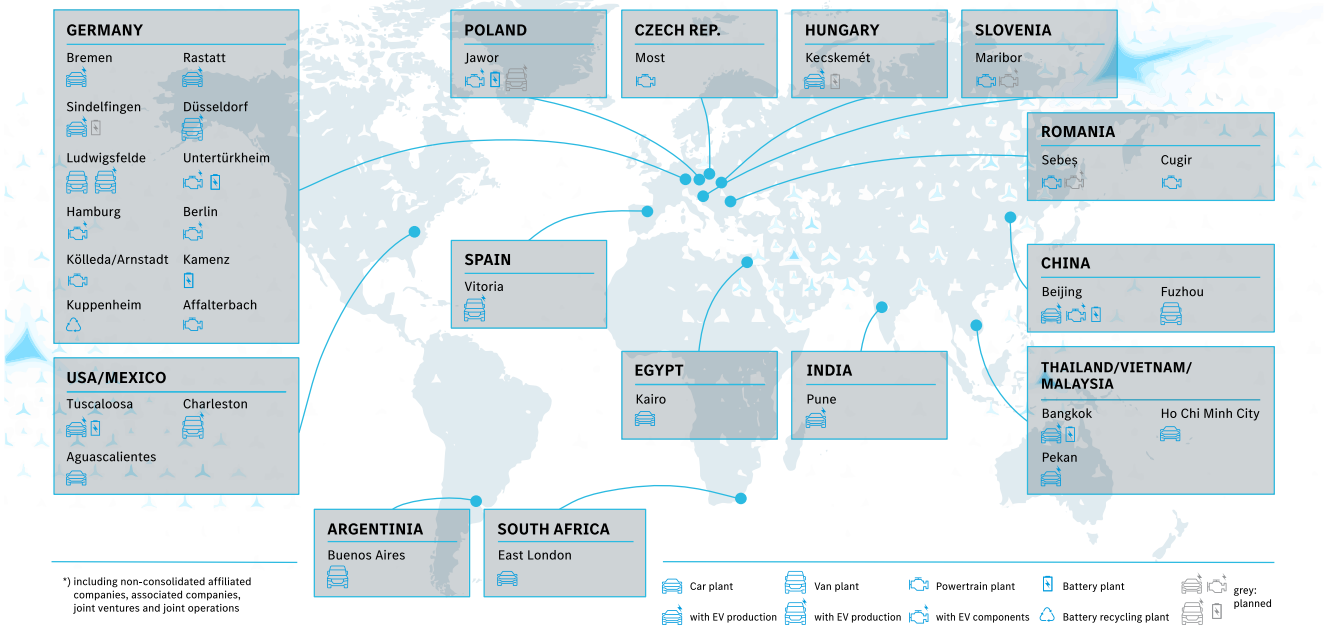
With its “Ambition 2039”, the Mercedes-Benz Group is striving for a net carbon-neutral[1] new vehicle fleet across all stages of the value chain and the entire life cycle. Important levers for this are the extensive use of recycled materials, the use of renewable energies in production, the electrification of the vehicle fleet and the inclusion of renewable energy sources for charging the vehicles.

The Mercedes-Benz Group sells vehicles and provides services in nearly every country in the world and has over 30 production facilities in Europe, North America and South America, Asia and Africa.

Under the title “Sales of the Future”, sales in many countries are being realigned by switching to direct sales. With Germany and the United Kingdom, key passenger car markets switched to the new sales model in 2023. Unchanged from the prior year, around 55% of European passenger car sales have been converted.

Direct sales are also being introduced in other regions. As of the reporting date, a total of eleven passenger car markets had switched to direct sales. In addition, retail activities in some countries were sold as part of the optimization of the sales model.

Global production network of the Mercedes-Benz Group*



1 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.

Mercedes-Benz Cars

As a luxury automobile manufacturer, Mercedes-Benz Cars seeks to produce the most desirable vehicles in the world. Mercedes-Benz Cars offers a broad range of products that are spread out among the three product categories of Top-End, Core and Entry. The Top-End[1] portfolio encompasses the brands Mercedes-AMG and Mercedes-Maybach, the product brand G-Class and all S-Class models. Core represents the heart of the brand and comprises the Mercedes-Benz C-Class and E-Class model ranges and their derivatives. The Entry models of the A-Class and B-Class and their derivatives offer customers a point of entry into the compact vehicle portfolio.

When looking at the unit sales by classes in the chapter Business development, the S-Class models include the S-Class, EQS, GLS and EQS SUV. The C-Class models include all derivatives of the C-Class. The E-Class models include all derivatives of the E-Class including the EQE and EQE SUV. The A-Class models include all derivatives of the A-Class including the EQA. The derivatives of the B-Class including the EQB are combined to form the B-Class models. When considering the classes, the existing AMG derivatives and the Maybach variants of the models are added to the unit sales of the class.

In order to be able to meet the most diverse customer needs – whether it's an all-electric drivetrain or an electrified combustion engine – production is set up to be flexible in terms of drive systems.

Along with its production sites in Germany, Mercedes-Benz Cars also operates major manufacturing facilities in the United States, Hungary, Mexico and South Africa. Production operations in China are carried out by the associated company Beijing Benz Automotive Co., Ltd. (BBAC).

The most important markets for Mercedes-Benz Cars in 2024 were China with 34% of sales, the United States with 16%, Germany with 11% and the other European markets (European Union, United Kingdom, Switzerland, Norway) with 22%.





1 The Top-End category comprises all AMG models, including the AMG models of the various class model ranges and their derivatives in the Core and Entry segments.

Mercedes-Benz Vans

Mercedes-Benz Vans is a global manufacturer of a comprehensive van portfolio. The models offered in the commercial segment comprise the large van Sprinter, the mid-size van Vito and the small van Citan. In the private customer segment, Mercedes-Benz Vans is represented in the mid-size van segment with the V-Class and the V-Class Marco Polo family, as well as in the small van segment with the T-Class.

The small vans are offered in Europe (European Union, the UK, Switzerland, Norway), while the mid-size vans are offered in Europe and China and the large vans are sold in Europe and the United States. Vans are also offered in specific segments in other markets.

Mercedes-Benz Vans has anchored its aim to lead in electric drive in its strategy and has systematically electrified the complete product portfolio. Since 2023 Mercedes-Benz Vans has been offering an all-electric version of each model – i.e. the eSprinter, the eVito and the eCitan in the commercial van segment. In addition, the all-electric EQV and EQT (energy consumption combined: 20.9–19.3 kWh/100 km | CO_2 emissions combined: 0 g/km | CO_2 class: A) are available for the private segment.



The Mercedes-Benz Vans division has manufacturing facilities in Germany, Spain, the United States and Argentina. In future, the production of light commercial vehicles in a new plant in Jawor, Poland is planned. Production in China is managed via the joint venture Fujian Benz Automotive Co., Ltd. The Citan and T-Class with their respective electric variants are produced in France through an alliance with Renault-Nissan-Mitsubishi.

The most important markets for Mercedes-Benz Vans in 2024 were Germany with 25% of unit sales, the other European markets (European Union, United Kingdom, Switzerland and Norway) with 41%, the United States with 12% and China with 7%.



Mercedes-Benz Mobility

The Mercedes-Benz Mobility division supports the sales of the Mercedes-Benz Group's vehicle brands worldwide with customized financial and mobility services.

These services range from leasing and financing contracts for end customers and dealers as well as insurance, flexible subscription and rental models to fleet management services for business customers, with the latter primarily offered via the Athlon brand.

Mercedes-Benz Mobility offers individual service tailored to customer requirements in 34 markets. The most important markets for Mercedes-Benz Mobility in 2024 were the United States with 30% of the portfolio, Germany with 16% and China with 10%.

Mercedes-Benz Mobility also brings together all activities relating to electric vehicle charging. The Group's own charging service Mercedes me Charge enables easy and convenient access to more than 2 million public charging points within the Mercedes me Charge network. In addition, the Mercedes-Benz Group is continuously expanding its existing offering by setting up its own global Mercedes-Benz charging network and through cooperation with other automobile manufacturers to expand high-power charging networks.

Mercedes-Benz Mobility is also integrating its Mercedes pay digital electronic payment platform into numerous applications at the Mercedes-Benz Group. The product range is rounded out by investments in companies that offer mobility services, for example the premium chauffeur services platform Blacklane.





Objectives and Strategies

The Mercedes-Benz Group comprises the two automotive divisions Mercedes-Benz Cars and Mercedes-Benz Vans as well as Mercedes-Benz Mobility. Each of the divisions pursues a market- and customer-specific strategy. The common foundation consists of three principles: guided by sustainability, integrity and diversity, driven by an ambitious team and accelerated by data and artificial intelligence (AI).

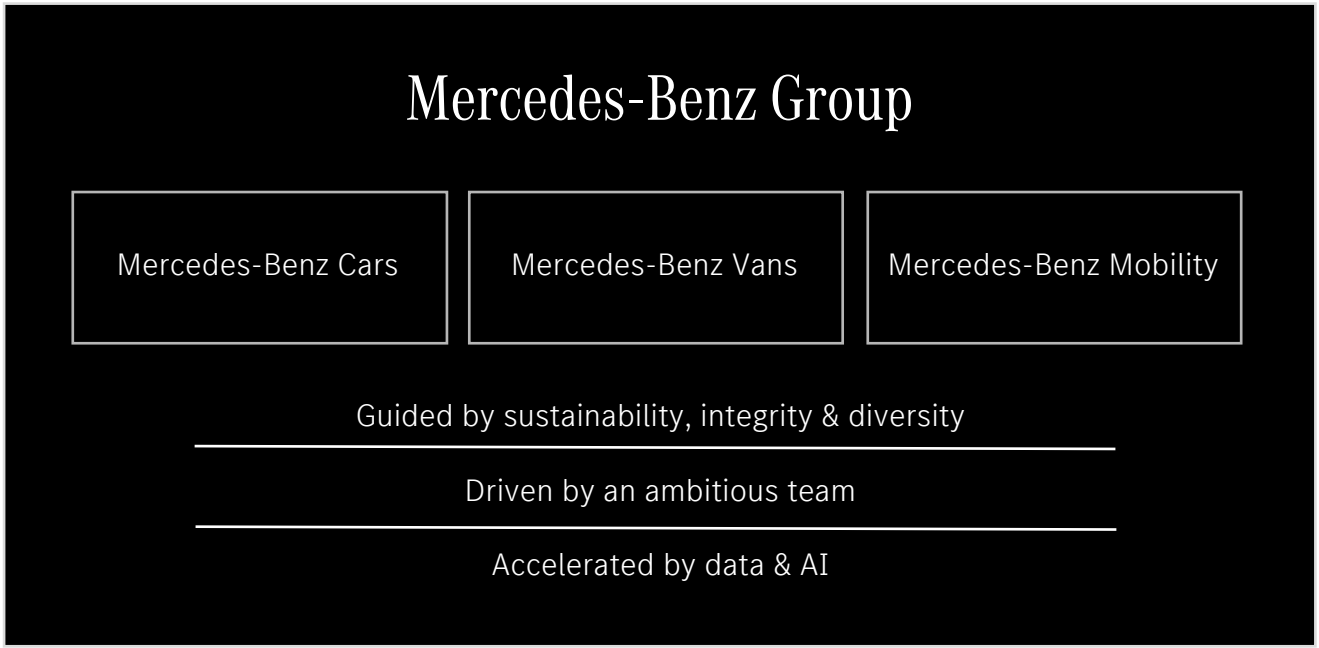
Guided by sustainability, integrity and diversity

Sustainability
Sustainability is a high priority for the Mercedes-Benz Group. The interests of the most important stakeholders are taken into account: customers, investors and employees, business partners and society as a whole. The Mercedes-Benz Group acts on the basis of the sustainable business strategy that the Board of Management of the Mercedes-Benz Group AG has adopted with the involvement of the Supervisory Board. Economic, ecological and social responsibility go hand in hand – along the entire value chain.

In the reporting year, the Mercedes-Benz Group used a comprehensive, multi-stage analysis process to revise the strategic sustainability topics that the Group intends to focus on. The perspectives of all relevant stakeholders were taken into account in this analysis process. With the six identified sustainability focus areas, the Mercedes-Benz Group addresses topics that are material for the environment, society and the company.

These include: Decarbonization, Resource Use and Circularity, People, Human Rights, Digital Trust and Traffic Safety.

Further information can be found in the Sustainability Statement.



Integrity
The Mercedes-Benz Group is convinced that long-term success can only be achieved by acting in an ethically and legally responsible manner. Integrity is therefore the basis for each business activity. For the Mercedes-Benz Group Integrity means doing the right thing by complying with external and internal rules listening to the inner compass and aligning actions with shared principles.

Diversity
The Group firmly believes that sustainable success can only be achieved with diverse teams. Through the use of appropriate measures and activities, the Mercedes-Benz Group seeks to foster a work environment that offers equal opportunities to all employees.

Driven by an ambitious team

The commitment of the employees plays a key role in the Mercedes-Benz Group's global success. Indeed, if the transformation is to be successfully shaped, a team that is ready and willing to embrace change and continuously extend its knowledge and skills needs to be in place. The company therefore puts lifelong learning and the further education of employees at the centre of its sustainable personnel development approach.

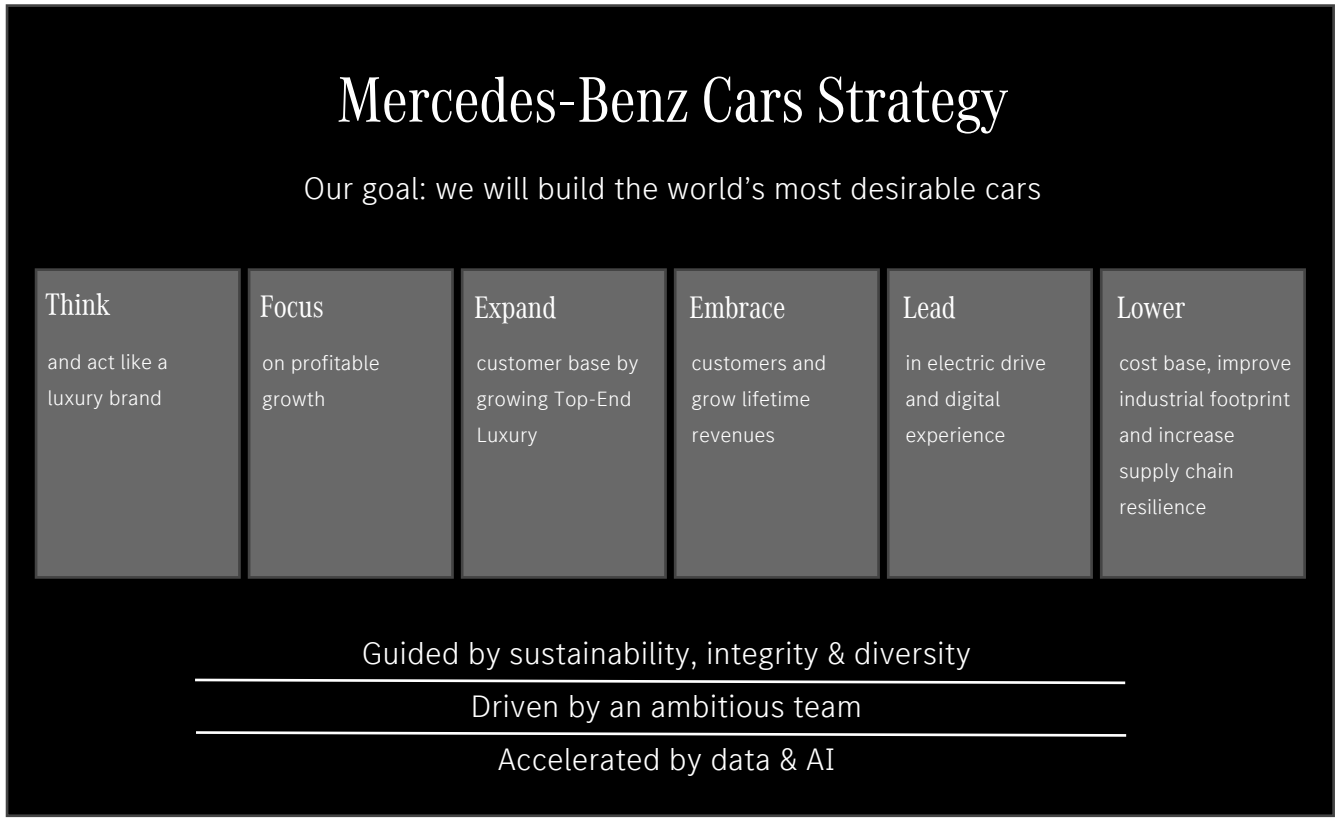
As an attractive employer, the company also offers flexible working conditions, varied assignments and a variety of development opportunities in the context of a culture of cooperation based on trust. With its People Principles, the company defines how to communicate, lead and collaborate.

Accelerated by data and AI

Data and artificial intelligence (AI) are core drivers of the Mercedes-Benz Group strategy. The Group aims for data-driven business and decision-making processes. This involves investing in data quality, utilizing advanced data and AI technologies, shaping enterprise data architecture, the implementation of processes to comply with regulatory requirements and ethical standards, and developing data and AI literacy within the workforce.

Mercedes-Benz Cars

Mercedes-Benz Cars' goal is to build the world's most desirable cars. The division aligns its actions in pursuit of this goal with six strategic pillars.



Think and act like a luxury brand

Mercedes-Benz has always had luxury deeply embedded in its DNA, and the company's thoughts and actions will focus even more strongly on it in the future. Mercedes-Benz Cars' claim is to offer the most desirable vehicles on the basis of a combination of pioneering technologies, exceptional aesthetics and integrated sustainability. In this manner, the company also makes a connection between two essential characteristics – its strong roots as an automaker that has created numerous style-defining icons, and the pioneering spirit with which Mercedes-Benz Car is driving the further development of the automobile. Mercedes-Benz underscores this for the ninth successive year with its top position as the world's most valuable luxury automobile brand in the current "Best Global Brands" 2024 ranking.

The goal for the future is a brand that embodies the many facets of the lives of our customers – from lifestyle and technology to the digital realm, mobility and culture – and does this by working together with cultural pioneers in a manner that is as inspired as it is unexpected. We intend to achieve this goal by creating an emotional bond with the Mercedes-Benz Cars brands and getting people excited about them in connection with every product and in every encounter we have with customers and anyone who is interested in or is a fan of the brand.

Focus on profitable growth

Mercedes-Benz Cars wants to make the transformation towards an all-electric future profitable and to continue its growth in the lucrative market segments. This is underlined by the strategic target of an adjusted return on sales of 10% or higher. A clear positioning as a luxury brand helps to maintain higher profitability across all product categories – Entry, Core and Top-End. Along with a clear focus on the customer, the

important ways in which this can be accomplished are by focusing and further developing the portfolio, achieving strong pricing, and securing the margins. These means will also be employed for the electrification of the models throughout the entire Mercedes-Benz brand portfolio. The positioning as a luxury brand will also be used to achieve Mercedes-Benz Cars' goal of sustainable high profitability as a division that can rely on its solid business system, even in challenging times.

Expand customer base by growing Top-End Luxury

In the Top-End segment, Mercedes-Benz Cars boasts an extraordinary brand portfolio that goes beyond the Mercedes-Benz core brand. This portfolio also includes the Mercedes-AMG and Mercedes-Maybach brands, as well as the iconic G-Class product brand. The Mercedes-Benz Cars Strategy will be used to unfold the full potential of the Mercedes-Benz brand portfolio, accelerate the development of the Top-End product category and achieve additional EBIT growth. Brand-specific formats and customer experiences are also to be used to address new target groups. At the same time, even stronger interrelationships are to be established between the brands, in order to exploit synergies in customer communications, for example.

Embrace customers and grow lifetime revenues

In order to intensify and further boost customer loyalty, the division is systematically creating unique customer experiences along its entire customer journey and addressing customers in an individualized and data-driven manner within the Mercedes-Benz ecosystem. One of the basic preconditions for this is comprehensively digitalized sales and service processes that, for example, are enabled by the stepwise transformation of sales to the direct sales model. In this way, all channels – online and offline, and from consulting to service – are to be adapted to the dynamic customer requirements and flexibly developed further. Moreover, customers are to be provided with tailored and market-specific offers that enthuse them about more than just the purchase of vehicles. These offers include such things as after-sales services and spare parts as well as over-the-air (OTA) updates and digital extras. In this way, Mercedes-Benz Cars aims to continuously increase the attractiveness of its products and also ensure that they retain their value.

Lead in electric drive and digital experience

Mercedes-Benz Cars is endeavouring to become a leader for electric mobility and the digital experience. The division is creating the essential preconditions for becoming all-electric, with ambitious product development goals and the market launch of new locally emission-free and software-driven technologies. The pace of the transformation is determined by market conditions, infrastructure and consumer behaviour. Mercedes-Benz can flexibly offer vehicles with both all-electric drives and electrified high-tech combustion engines into the 2030s. To this end, production has been set up to be flexible in terms of drive systems. Efficiencies between new and existing model series are sustainably utilized for the further development of the product portfolio. In 2025, the new CLA will be the first derivative of the Mercedes Modular Architecture (MMA), featuring both all-electric vehicles and vehicles with electrified high-tech combustion engines. In 2026, Mercedes-Benz Cars plans to introduce the Mercedes-Benz Electric Architecture (MB.EA) and AMG Electric Architecture (AMG.EA).

In order to further underscore the claim to leadership with regard to the digital experience, and to meet customers' needs even better in future, Mercedes-Benz Cars will introduce its own data-based and updatable Mercedes-Benz Operating System (MB.OS) with the launch of the next generation CLA. In this way, the customers will be able to access a unique brand experience that includes special new digital extras and product features while control of the interface with

customers can remain in the Mercedes-Benz ecosystem. MB.OS will create the basis for an even faster and more flexible response to customer requirements in the future, including during a product's life cycle. Another aim is to establish smart connectivity between the vehicle, the cloud and the IoT world (Internet of Things). Data security and data protection play a key role for Mercedes-Benz Cars here.

Since December 2021, Mercedes-Benz has been the world's first automotive company to meet the legal requirements of UN-R157 for a conditional driving automation driving system (SAE Level 3[1]) with DRIVE PILOT. Shortly thereafter, the market launch took place in Germany and certain US states. In the year 2025, Mercedes-Benz will introduce the next certified version of DRIVE PILOT in Germany. This will enable the system to follow a vehicle ahead in a conditionally automated manner on the outside lane of the highway at speeds of up to 95 km/h under certain conditions. With this, Mercedes-Benz offers the world's fastest SAE Level 3 system.

Lower cost base, improve industrial footprint and increase supply chain resilience

The consistent continuation of profitability targets is a fundamental component of the sustainable successful transformation of the company. Mercedes-Benz Cars aims to further optimize its break-even point and financial strength and has taken additional steps to reduce the cost base across all cost types and to improve its industrial footprint.

In order to safeguard and increase the competitiveness of the Group and the resilience of its business activities, Mercedes-Benz Cars intends to manage its supply chains even more actively.

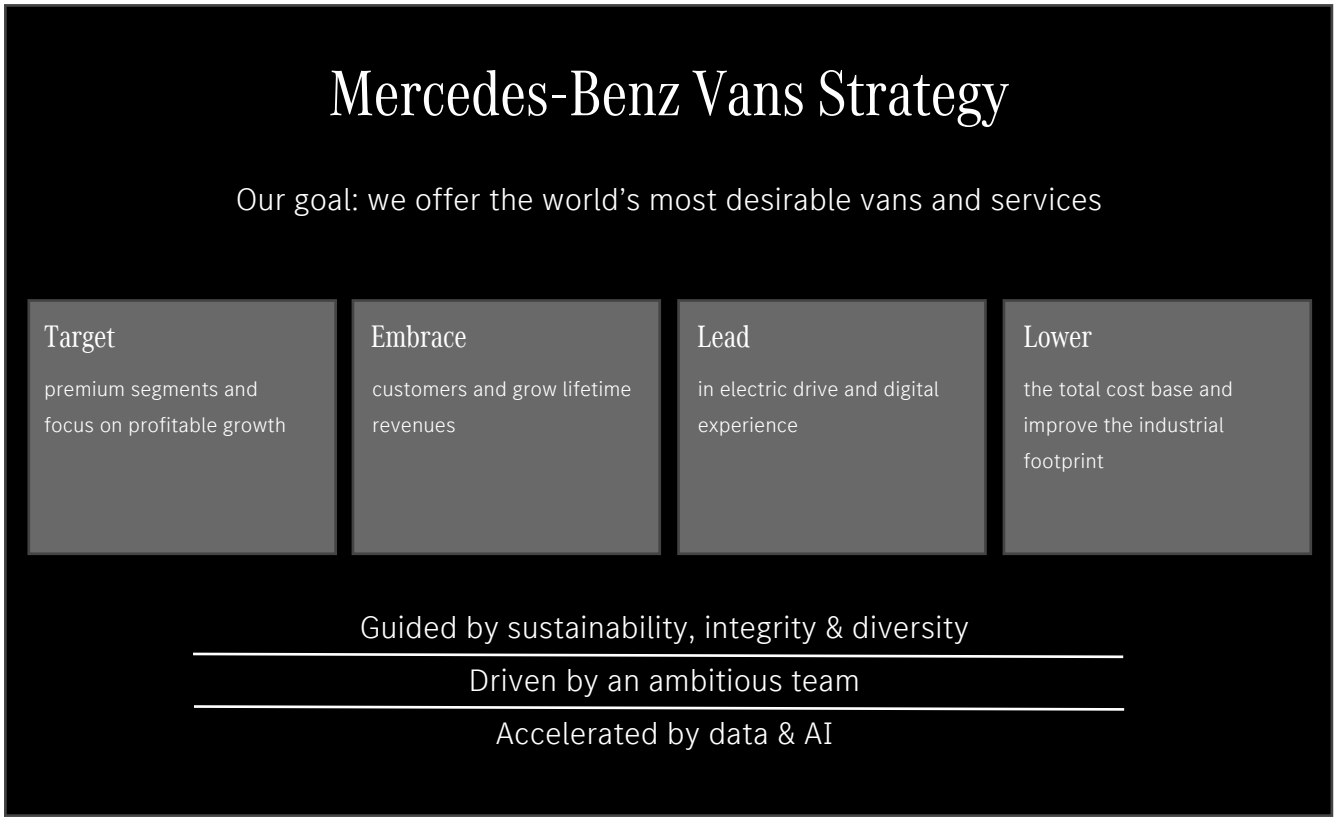
1 SAE Level 3:The automated driving function takes over certain driving tasks. However, a driver is still required. The driver must be ready to take control of the vehicle at all times when prompted to intervene by the vehicle.

Mercedes-Benz Vans

The goal of Mercedes-Benz Vans is to offer the most desirable vans and services worldwide. The strategy of Mercedes-Benz Vans is based on four pillars.

Target premium segments and focus on profitable growth

Mercedes-Benz Vans has extensively shaped the van market worldwide since the very beginning. As part of the Mercedes-Benz brand family, the division continuously sharpens its profile as a supplier of future-oriented transport solutions for commercial and private customers. Vans in the private segment are aligned with the strategy of Mercedes-Benz Cars, while commercial vans are marketed within the framework of a premium strategy.



Mercedes-Benz Vans strives for the highest quality, reliability and sustainability in both the commercial and private sectors. A key element of the strategy is the increased focus on high-sales and high-margin markets and segments. In parallel with the expansion of its activities in Europe, the division also intends to further intensify its efforts in China and North America. In addition, Mercedes-Benz Vans plans to focus more strongly on the growing premium segments in the most profitable sectors and to enter into attractive segments at the upper end of the portfolio through partnerships with body builders.

Embrace customers and grow lifetime revenues

Mercedes-Benz Vans intends to ensure its profitability at a high level by means of a modified business model for sales and a customer-focused service portfolio. The focus here will be on pushing direct sales in order to reduce selling expenses.

With regard to the new-vehicle business, Mercedes-Benz Vans is increasingly making use of online sales channels. This involves using the existing Mercedes-Benz Cars Online Store platform and expanding it to include van-specific features. For example, fleet customers will be able to place repeat orders quickly and easily directly online.

Another goal is to generate additional revenue potential along all customer contact points: from consulting to sales of vehicles to after-sales services.

Lead in electric drive and the digital experience

With the eCitan, EQT (energy consumption combined: 20.9–19.3 kWh/100 km | CO_2 emissions combined: 0 g/km | CO_2 class: A), eVito, eVito Tourer, EQV and eSprinter, Mercedes-Benz Vans has been offering all-electric vehicles across its portfolio since 2023. With the market launch of the new, even more versatile eSprinter in 2024, the existing product portfolio was further updated. In order to flexibly fulfil customer requirements, Mercedes-Benz Vans is planning to offer vans with state-of-the-art combustion engines on a single architecture in addition to electric vehicles. All newly developed vans are to be based on the modular, flexible and scalable Mercedes-Benz Van Architecture in future. The plan is to introduce the all-electric models of the Van Electric Architecture (VAN.EA) from 2026. With the second variant of the architecture, the Van Combustion Architecture (VAN.CA), state-of-the-art combustion-engine vans are planned to follow.

In the future, the MB.OS operating system developed by Mercedes-Benz will also be used in the vans from Mercedes-Benz and in the vehicles based on the new Van Architecture. Mercedes-Benz Vans expects that MB.OS will also enable it to quickly expand and optimize its digital extras and services. The operating system will also serve as the basis for the development of automated driving functions. Based on MB.OS and its technical capabilities, Mercedes-Benz Vans aims to achieve conditional driving automation according to SAE Level 3[1] for private customers by the end of the decade. For the commercial segment, Mercedes-Benz Vans aims to achieve highly automated driving according to SAE Level 4[2] by the end of the decade in order to tap into the business potential of driverless transport.

Lower the total cost base and improve the industrial footprint

Mercedes-Benz Vans has launched a comprehensive cost initiative at company, production and product level in order to maintain profitability at a high level and to improve competitiveness. The goals here include further optimizing production processes and lowering production costs. This is to be achieved mainly by reducing the complexity of the product portfolio and focusing on efficiency in core production processes.

Mercedes-Benz Vans is also reorganizing its production network in order to become more efficient and flexible and to prepare the network for an electric future. In particular, the manufacturing plant in Jawor, Poland, is expected to set new standards worldwide for productivity and lean processes. The reorganization of the production network will enable Mercedes-Benz Vans to react quickly to changing market conditions in the future while at the same time optimizing its cost structure.

1 SAE Level 3: The automated driving function takes over certain driving tasks. However, a driver is still required. The driver must be ready to take control of the vehicle at all times when prompted to intervene by the vehicle.
2 SAE Level 4 stands for highly automated driving and describes the second highest level of automation: In defined scenarios and environments, the vehicle can perform driving tasks without the driver having to be ready to take over.

Mercedes-Benz Mobility

Mercedes-Benz Mobility pursues a clear ambition: we will be the number one financial and mobility service provider for luxurious driving in the electric era. Mercedes-Benz Mobility contributes to the strategic success, sales success, increased brand loyalty, and financial success of the Mercedes-Benz Group.

The foundation for this is the integration of Mercedes-Benz Mobility into every phase of the customer journey and consistent customer orientation. This begins with bundling products such as financing and leasing contracts with insurance, extends to offering seamlessly integrated digital payment methods, and includes the planned expansion of the charging infrastructure. The goal is to provide customers with an exceptional brand experience and retain them within the Mercedes-Benz ecosystem with individually tailored follow-up contracts and solutions.

The strategy of Mercedes-Benz Mobility is geared towards a business environment characterized by rapid changes and increasing competition. It aims to future-proof the further transformation of the company and its operational activities. For this purpose, five areas of action were defined within the strategy.



Electrify our future

The future is electric. Mercedes-Benz Mobility wants to encourage customers to enter the electric age by making the switch to electromobility as easy and comfortable as possible. To accelerate customer acceptance and respond sustainably and profitably to market-specific conditions, Mercedes-Benz Mobility offers attractive and flexible electromobility solutions as well as a first-class charging experience.

In addition to setting up its own global Mercedes-Benz fast-charging network and the more than two million charging points already available to Mercedes me Charge customers worldwide, Mercedes-Benz Mobility is also focusing on cooperation with other automobile manufacturers. This includes collaborations within the European and North American fast-charging networks IONITY and IONNA, as well as IONCHI, the joint venture with BMW to expand charging options in China. This enables Mercedes-Benz Mobility to offer its customers easy and fast charging. Charging in public,

at home, and for business purposes will become a comfortable, reliable, and seamless experience.

Through flexible rental, subscription and leasing models, Mercedes-Benz Mobility offers a variety of options for getting started with electromobility. Customers can switch to an electric vehicle after the contract for a combustion engine vehicle ends without entering into long-term commitments. This supports the transition to future-oriented mobility and promotes customer loyalty.

Excite our customers

In its development towards becoming the leading financial and mobility service provider, Mercedes-Benz Mobility leverages the continuous growth of direct and online sales models and aims to offer highly personalized solutions. This strengthens the ecosystem by actively engaging customers at every point of the life cycle.

Through its seamlessly integrated digital solutions and the personal touch in human interactions, Mercedes-Benz Mobility aims to exceed customer expectations and deliver an exceptional customer experience.

Power up our business

In a fast-paced market environment, Mercedes-Benz Mobility continuously improves its processes and systems to meet the expectations of its customers, the Mercedes-Benz Group AG, and its shareholders.

The goal is to simplify internal processes through the use of data and cutting-edge technology, including artificial intelligence.

Drive sustainable growth

Making a sustainable financial contribution to the Mercedes-Benz Group is one of the driving forces of Mercedes-Benz Mobility and a key factor for future success.

The focus of Mercedes-Benz Mobility is on successful corporate development through the expansion into new growth areas, sustainable risk management and the generation of further efficiencies. This strategy is intended to help achieve the profitability targets and the planned operating result.

Imagine it, do it, live it

The employees make the difference, and Mercedes-Benz Mobility intends to be a preferred employer.

Mercedes-Benz Mobility aims to create an excellent working environment that promotes strong relationships and enables team members to actively contribute to the company’s success.

Important events

Review of future structure of Own Retail in Germany
On 19 January 2024, the Mercedes-Benz Group announced a comprehensive review of the structures of the Group's Own Retail in Germany. In the third quarter of 2024, as a preparatory measure for starting talks with potential buyers, Mercedes-Benz AG was able to conclude negotiations with the employee representative bodies regarding possible benefits for potentially affected employees. The Group has begun talks with potential buyers from the fourth quarter of 2024. The Group will review the transactions as open-ended with regards to the outcome, step-by-step and individually for each retail location. The Group expects the transformation process to take several years. As of the reporting date, there were no effects on the profitability, liquidity and capital resources, and financial position; future effects cannot be reliably estimated at this time.

Information on the sale of sales companies and retail activities abroad can be found in the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements under the note Consolidated Group.

Share buyback policy and further share buyback programme
On 21 February 2024, Mercedes-Benz Group AG resolved to implement a share buyback policy. Based on this policy, the future free cash flow of the industrial business (as available after potential small-scale M&A transactions) generated beyond the approximately 40% dividend payout ratio of Mercedes-Benz Group previous year's net profit is to be used to fund share buybacks with the purpose of redeeming shares.

In this context, in addition to the first share buyback programme launched in March 2023, Mercedes-Benz Group AG has also resolved to conduct a further share buyback programme, through which it was intended to acquire own shares worth up to €3 billion (not including incidental costs) on the stock exchange and to then cancel them. The further share buyback programme was also based on the authorization of the Annual General Meeting of Mercedes-Benz Group AG on 8 July 2020, according to which the Board of Management, with the approval of the Supervisory Board, was permitted to purchase own shares up to a maximum of 10% of the share capital until 7 July 2025.

The additional share buyback programme commenced in May 2024 and was initially implemented in parallel with the share buyback programme launched in March 2023 with a volume of up to €4 billion (not including incidental costs). The buyback programme launched in March 2023 was completed in August 2024. The buyback programme, which began in May 2024, was completed in November 2024. All repurchased shares were cancelled on 13 December 2024 without a capital reduction.

Further information on the share buyback can be found in the Consolidated Financial Statements in the Notes to the Consolidated Financial Statements under the Note Equity.

Mercedes-Benz Group ESG Conference 2024
At the ESG conference on 20 March 2024, the Mercedes-Benz Group presented the progress it has made in achieving the sustainability targets. The Group continues to pursue the goal of making the entire new vehicle fleet net carbon-neutral[1] across all stages of the value chain by 2039. As part of the global expansion of the electric vehicle portfolio, the goal is to achieve an electrified vehicle share of up to 50% of new vehicle car fleet sales in the second half of this decade. An 80% reduction in CO_2 emissions is planned in production by the end of this decade (based on Scope 1 and Scope 2)[2]. By 2039, 100% of the plants' energy requirements are to be covered by renewable sources of energy. In addition, social aspects and good corporate governance contribute to a holistic sustainability approach. Strategically focused and tactically flexible, the company remains

1 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.
2 Scope 1 (direct CO_2 emissions from sources for which the Group is directly responsible or which it controls) and Scope 2 emissions (indirect CO_2 emissions from purchased energy such as electricity and district heating that are generated externally but consumed by the Group) in comparison to 2018.

environmentally and economically on the path towards a sustainable future.

General Meeting of Mercedes-Benz Group AG
At the Annual General Meeting of Mercedes-Benz Group AG on 8 May 2024, the shareholders approved a dividend of €5.30 per share for the year 2023 (2022: €5.20). The total distribution for the year 2023 was €5.5 billion (2022: €5.6 billion).

At the end of the Annual General Meeting, Dr Bernd Pischetsrieder resigned as a member and Chairman of the Supervisory Board. Dr Doris Höpke, former member of the Board of Management of Münchener Rückversicherungsgesellschaft Aktiengesellschaft, was newly elected to the Supervisory Board. Dr Martin Brudermüller was re-elected to the Supervisory Board early with effect from the end of the 2025 Annual General Meeting and, following the 2024 Annual General Meeting, was elected as Dr Bernd Pischetsrieder's successor as Chairman of the Supervisory Board.

A further step towards establishing a circular economy with regard to end-of-life vehicles
On 15 May 2024, the Mercedes-Benz Group published a Memorandum of Understanding – MoU with TSR Recycling GmbH & Co. KG for the recovery of secondary raw materials. The focus is on steel, aluminium, polymers, copper and glass. In this way, the Group is aiming to transition to a circular economy for end-of-life vehicles.

Sustainable financing
In July 2024, Mercedes-Benz Group AG issued the first Green Auto Loan Asset-Backed Security (ABS) in China. The transaction has a volume of RMB 765 million (approximately €100 million), a weighted average life of 1.42 years and a coupon rate of 1.87% p.a.

Approval to test highly automated driving systems in China and conditionally automated driving in Germany
In August 2024, the Mercedes-Benz Group started testing highly automated driving systems (SAE Level 4[1]) on designated inner-city roads and motorways in Beijing. The aim is to test the hardware and software of future automated driving systems for private vehicles.

In December 2023, the Mercedes-Benz Group was one of the first car manufacturers to receive approval to test conditionally automated driving systems (Level 3[2]) in Beijing.

In September 2024, the Mercedes-Benz Group announced the next version of DRIVE PILOT for conditional driving automation (SAE Level 3[3]) in Germany[4]. This level makes it possible to follow a vehicle in front on motorways at speeds of up to 95 km/h under certain conditions. The new certification by the Federal Motor Transport Authority took place in December 2024. Sales are planned to start in early 2025.

Opening of own battery recycling factory in Kuppenheim
On 21 October 2024, the Mercedes-Benz Group opened Europe's first battery recycling factory with an integrated mechanical-hydrometallurgical process in Kuppenheim, southern Germany. Once operational, the process will be used to recover valuable, limited raw materials such as lithium, nickel and cobalt and, in cooperation with suppliers, to use them to manufacture new battery cells for Mercedes-Benz vehicles.

1 SAE Level 4 stands for highly automated driving and describes the second highest level of automation: In defined scenarios and environments, the vehicle can perform driving tasks without the driver having to be ready to take over.
2 In accordance with China National Standard GB/T 40429-2021 "Taxonomy of driving automation for vehicles", published in 2021 by the National Technical Committee of Auto Standardization.
3 SAE Level 3:The automated driving function takes over certain driving tasks. However, a driver is still required. The driver must be ready to take control of the vehicle at all times when prompted to intervene by the vehicle.
4 Availability and use of DRIVE PILOT features on motorways depends on options, countries and relevant laws.

Changes in the Board of Management of Mercedes-Benz Group AG

On 11 December 2024, the Supervisory Board of Mercedes-Benz Group AG decided on changes to the company's Board of Management. Board members Sabine Kohleisen (Human Resources & Labor Director), Renata Jungo Brüngger (Integrity, Governance & Sustainability) and Hubertus Troska (Greater China until 31 January, 2025) will leave the company in 2025.

Sabine Kohleisen will resign from her position on 30 April 2025. She will be succeeded on 1 May 2025 by Britta Seeger, who was responsible for Sales on the Board of Management until 1 March 2025.

Mathias Geisen, previously Head of Mercedes-Benz Vans, was appointed to the Board of Management effective 1 February 2025, and took over the Board of Management responsibility for Sales effective 1 March 2025.

Effective 1 February 2025, Hubertus Troska has assumed a new function as a member of the Board of Management and General Representative of Mercedes-Benz Group AG for China ("Business Model China") until his departure on 31 July 2025. Oliver Thöne, previously Head of Product Strategy and Controlling, was appointed as Hubertus Troska's successor on the Board of Management for Greater China effective 1 February 2025.

Renata Jungo Brüngger will leave the company on 31 October 2025. Olaf Schick, currently a member of the Board of Management of Continental AG, responsible for Finance, Controlling, Integrity and Legal Affairs, will be her successor in the Board of Management responsible for Integrity, Governance & Sustainability on 1 October 2025.

The overlaps in the succession to individual board positions serve to support a smooth handover.

Extension of job security guarantee and measures to reduce personnel costs in Germany[1]

As part of the "Next Level Performance" programme, costs are to be sustainably reduced in the coming years. In this context, in the fourth quarter of 2024, the management of Mercedes-Benz Group AG began discussions with the General Works Council on measures to reduce personnel costs with the goal of sustainably improving the company's competitiveness and thus enabling the extension of the job security guarantee by a further five years until 31 December 2034. At the beginning of March 2025, the management and the General Works Council agreed on a key points paper that includes measures to reduce personnel costs in Germany. In addition, a personnel reduction programme based on double voluntary action by employees and company will be enabled in Germany.

1 This section contains disclosure requirements related to the European Sustainability Reporting Standards (ESRS) regarding actions addressing significant impacts on the own workforce.

Performance measurement system

Various targets are defined on the basis of the Mercedes-Benz Group's corporate strategy and business strategy. The Group's performance measurement system is oriented towards the achievement of these targets. Along with financial aspects, they include sustainability-related targets in particular.

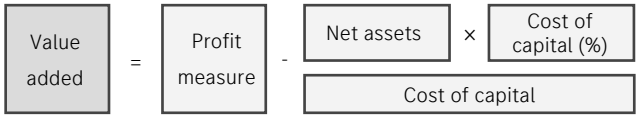
The information provided below primarily relates to the Group's financial performance measurement system. Information on the sustainability targets and the concepts and measures being taken to achieve them can be found in the chapter Sustainability Statement.

Objective

The financial performance measurement system used at the Mercedes-Benz Group is designed to ensure that the investors' interests and expectations are taken into account within the framework of a value-based management system. The value added is based on this principle. It shows the extent to which the Group and its divisions achieve or exceed the return requirements of the investors. Due to the only indirect relationship of value added to ongoing business operations, the value drivers of the value added are utilized as financial performance indicators for the periodic controlling of the Group and its divisions.

Value added can be calculated as the difference between the measure of operating profit (EBIT or net operating profit) and the cost of capital of the average net assets.

Calculation of value added



The return on net assets (RONA) is calculated from the ratio of EBIT to net assets. Value is created for the shareholders when RONA exceeds the cost of capital. The required rate of return on net assets, and thus the cost of capital rate, is derived from the minimum rates of return that equity investors and lenders expect on their invested capital. In contrast to cost of capital rates based on peer-group logic for purposes of the impairment test at the level of the cash-generating units, when determining the Group cost of capital rate for deriving the value added, the focus is on the use of company-specific data. For 2024, the Group's cost of capital rate amounted to 9.5% after taxes.

A pre-tax cost of capital rate of 13.0% was used for both the automotive divisions and Mercedes-Benz Mobility.

Cost of capital rates

in %	**2024**	2023
Group, after taxes	**9.5**	9.0
Automotive divisions, before taxes	**13.0**	13.0
Mercedes-Benz Mobility, before taxes	**13.0**	13.0

The quantitative development of value added and the related financial performance measures are explained in the chapter Profitability.

Financial performance measures

Profit measure
The measure of operating profit at the divisional level is EBIT (earnings before interest and income taxes). EBIT thus reflects the divisions' responsibility for profit and loss. EBIT that is calculated at the Group level takes into account centrally managed matters and eliminations.

In order to provide a more transparent presentation of the ongoing business, adjusted EBIT is also calculated and reported for both the Group and the divisions. The adjustments include individual items insofar as they lead to material effects in a reporting year. These individual items can relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions.

Group EBIT minus the centrally managed income taxes equals net operating profit. The chapter Profitability shows how net operating profit is calculated.

Return on sales
As one of the main factors influencing value added, return on sales is of particular importance for assessing the profitability of the automotive divisions. Return on sales is the ratio of EBIT to revenue, and vehicle sales are the primary source of revenue.

The measure of profitability for Mercedes-Benz Mobility is return on equity (the ratio of EBIT to average equity on a quarterly basis). On the basis of adjusted EBIT, an adjusted return on sales is reported for the automotive divisions and an adjusted return on equity is reported for Mercedes-Benz Mobility.

Net assets
All assets, liabilities and provisions for which the automotive divisions are responsible in day-to-day operations are allocated to them. Performance measurement at Mercedes-Benz Mobility is implemented on an equity basis. Net assets at the Group level include the net operating assets of the automotive divisions and the equity of Mercedes-Benz Mobility, as well as assets and liabilities from income taxes and other reconciling items which are not allocated to the divisions. The average annual net assets are calculated on the basis of the average quarterly net assets.

Cash flow
A change in net assets – for example as a result of investments – generally leads to the application or release of liquid funds. Along with earnings, net assets thus also have a direct effect on the cash flow. Of outstanding importance for the financial strength of the Mercedes-Benz Group is the free cash flow of the industrial business, which comprises the cash flows at the automotive divisions and the cash flows from interest, taxes and other reconciling items that cannot be allocated to the divisions. The operating cash flow before interest and taxes (CFBIT) for the automotive divisions is derived from EBIT and the change in net assets. The cash conversion rate (CCR) is the ratio of CFBIT to EBIT over a period of time and is an important measure for cash-flow management at the automotive divisions.

In order to provide a more transparent presentation of the ongoing business, the adjusted free cash flow of the industrial business and the adjusted CFBIT of the automotive divisions are also calculated and reported. An adjusted cash conversion rate on the basis of adjusted CFBIT and adjusted EBIT is presented for the automotive divisions. The adjustments include individual items insofar as they lead to material effects in a reporting year. These individual items can relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions.

Key performance indicators

Key financial performance indicators

The following indicators are the key financial performance indicators used to measure the operating financial performance of the **Mercedes-Benz Group**:

- Revenue
- EBIT
- Free cash flow of the industrial business

For the automotive divisions **Mercedes-Benz Cars** and **Mercedes-Benz Vans**, the adjusted return on sales and the adjusted cash conversion rate, for which forward-looking statements have already been made, will be included as key performance indicators from 2025 onwards due to their importance for the internal measurement of the performance of the divisions. The following financial key figures are therefore of particular relevance as key performance indicators:

- Adjusted return on sales
- Adjusted cash conversion rate
- Investments in property, plant and equipment
- Research and development expenditure

For **Mercedes-Benz Mobility**, the adjusted return on equity is the key financial performance indicator. New business remains an important key figure, but will no longer be a key performance indicator from the year 2025 onwards.

Key non-financial performance indicators

In addition, the following key figures are used as non-financial indicators for measuring the performance of the automotive divisions Mercedes-Benz Cars and Mercedes-Benz Vans:

- Unit sales
- Share of electrified vehicles (xEV)

Declaration on Corporate Governance

The Declaration on Corporate Governance, which is combined for the company and the Group in accordance with Section 289f and Section 315d of the German Commercial Code, can be found in the chapter Declaration on Corporate Governance of the Annual Report as well as on the Internet at group.mercedes-benz.com/dcg.

Pursuant to Section 317 Subsection 2 Sentence 6 of the German Commercial Code (HGB), the purpose of the audit of the statements pursuant to Section 289f Subsections 2 and 5 and Section 315d of the HGB by the auditors is limited to determining whether such statements have actually been provided.

Economic Conditions and Business Development

The world economy and automotive markets

The world economy

General economic conditions

The **world economy** performed better throughout the reporting year than expected at the beginning of the year and, at 2.7%, grew only slightly slower than in the previous year (2.8%). The economic momentum was supported over the course of the year by interest rate cuts in the majority of countries. However, there were again significant differences between, and in some cases within, individual regions. The resilience of the US economy continued this year, and large emerging economies such as India and Brazil were again able to achieve strong growth. In contrast, the economies of Europe remained largely weak and China continued to struggle with structural challenges, but was able to further expand its strong position on the global market. In this environment, world trade increased by about 1.5% compared to the prior year.

The **US economy** was almost able to keep up the previous year's growth momentum in the reporting year despite the ongoing dampening effects of past interest rate hikes and stricter lending standards, and successfully defied the risks of recession. Private consumption was once again the biggest driver of growth. Inflation continued to fall over the course of the year and, at 2.9%, was significantly lower than in the prior year. This enabled the central bank to start its interest rate cutting cycle in September and reduce the policy rate by 100 basis points to 4.5% by the end of the year. For the year as a whole, growth in the US economy came in at 2.8% thanks to robust domestic demand.

In the **Eurozone**, the economic activity was much more subdued. The industrial sector continued to suffer from eroding competitiveness and weak demand and shrank again over the year as a whole. The recovery in private consumption also fell well short of expectations despite rising real incomes. In contrast, inflation in the Eurozone, at 2.4% on average for the year, came close to the central bank's target of around 2%, so that the European Central Bank was also able to reduce its policy rate by 100 basis points to 3.0% by the end of the year. Nevertheless, the Eurozone economy only grew by 0.7% over the year as a whole.

After a solid start to the year, the **Chinese economy** came under increasing pressure. The ongoing weakness in the real estate sector and a crisis of consumer confidence dampened growth in the middle of the year. Thanks to strong exports, an expansion of government support measures and comprehensive monetary easing, the announced growth target of 5.0% was nevertheless achieved. However, in view of weak domestic demand, deflationary tendencies intensified further and consumer prices rose by just 0.2% for the year as a whole.

Development of exchange rates
In this environment, exchange rates were volatile. The US dollar to euro exchange rate fluctuated between 1.04 and 1.12 over the course of the year. At the end of the year, the euro was around 6% weaker than at the end of 2023. The Chinese renminbi fluctuated between 7.55 and 7.95 against the euro. Compared to the end of the year, the euro depreciated by around 3.5%. Against the Japanese yen, the euro gained around 4%, with a fluctuation range of 155 to 175 yen per euro.

Energy and raw material prices
The price of Brent oil fluctuated between USD 70 and USD 93 per barrel over the course of the year, but the annual average was USD 80, roughly 2% below the previous year. TTF gas prices in Europe reached their lowest level since 2020 in the spring and were, on average, more than 10.0% lower than in the prior year. However, lower inventory levels, cool temperatures and geopolitical risks led to a significant price increase at the end of the year; at almost €49 per megawatt hour, the price was around 50% higher than at the end of the previous year.

Automotive markets

The conditions described above also shaped the development of the global automotive market in the past year. While the markets developed regionally very differently over the course of the year, overall there was a visible reluctance to buy among customers in the face of economic and political uncertainty.

In this environment, the global **passenger car market** was slightly above the previous year's level. In the United States, the market for light vehicles was also slightly higher than in the previous year. The sales volume of electrified vehicles (xEV) in the United States grew slightly more strongly than the total market; however, the xEV share of the total market increased only marginally to about 10%. The European car market was at the same level as the previous year. Unit sales of xEV in Europe were slightly below the previous year's level and thus significantly below expectations. In consequence, the xEV share of the overall car market remained at around 23%. Although thanks to the government's economic stimuli the Chinese total passenger car market grew significantly, the unit sales of many foreign premium manufacturers recorded significant losses. Unlike in Europe and the United States, xEV sales in the overall Chinese car market rose sharply. Therefore, xEV accounted already for nearly half of the total passenger car market in China.

The factors mentioned above also shaped the development of important **van markets**. In Europe, the combined market segment of mid-size and large vans nevertheless recorded a significant increase compared to the prior year. The small van segment in Europe also expanded significantly. Growth was especially strong in the first half of the year particularly for mid-size and large vans due to pre-buy effects in anticipation of regulatory changes. In the second half of the year, market momentum slowed significantly. The US market for large vans came in at the previous year's level. In China, the market segment for mid-size vans was able to exceed the previous year's level slightly. The market continued to be supported by the introduction of new vehicle models from various competitors. With the exception of China, the xEV share was still at a low level in most markets.

Business development

Mercedes-Benz Group

In a challenging global market environment, 2,389,000 cars and vans were sold worldwide in 2024. In the prior year, 2,491,800 vehicles were sold.

Mercedes-Benz Cars

Mercedes-Benz Cars' unit sales decreased 3% in 2024 compared to the prior year.

Unit sales of Top-End vehicles reached 281,500 units, failing to match the previous year's level. Unit sales in the Top-End category thus amounted to 14% of total sales in 2024 (2023: 16%). The decrease in unit sales compared to the previous year was primarily due to market conditions in China, model changes and weaker demand for electric vehicles. The S-Class remained the market leader in its segment in all major regions. With a positive development in the last quarter of 2024, Mercedes-AMG's sales figures in 2024 were below the previous year's level. The G-Class achieved its best quarterly result to date after new model launches in the fourth quarter of 2024 and was at the previous year's level for the full year 2024.

Unit sales in the Core segment increased by 6% compared to the prior year. This increase was due to good demand for E-Class and GLC models. This category's share of the total portfolio was 59% in 2024 (2023: 54%).

The Entry category represented 27% (2023: 30%) of the total portfolio in 2024. Unit sales were 14% below the previous year's level mainly due to market developments in China.

Overall, Mercedes-Benz Cars achieved a share of electrified vehicles of 18.5% (2023: 19.7%) in total unit sales in 2024. Unit sales of all-electric vehicles in key markets decreased in the reporting year. Unit sales of plug-in hybrids, on the other hand, increased worldwide in 2024. This was mainly due to the US market.

Unit sales by product categories and classes

	2024	2023	24/23
In units			% change
Total unit sales[1]	**1,983,403**	2,044,051	-3
Top-End	**281,492**	328,268	-14
S-Class models[2,3]	**127,073**	171,124	-26
Mercedes-AMG	**140,282**	143,184	-2
G-Class[2]	**42,260**	42,708	-1
Mercedes-Maybach	**21,302**	27,911	-24
Core	**1,167,119**	1,096,923	+6
E-Class models[2]	**512,143**	528,210	-3
C-Class models[2]	**725,129**	631,784	+15
Entry	**534,792**	618,860	-14
B-Class models[2]	**183,772**	213,505	-14
A-Class models[2]	**374,033**	420,610	-11
smart	**5,696**	18,054	-68
thereof			
Electrified vehicles (xEV)	**367,610**	401,943	-9
All-electric vehicles (BEV)	**185,059**	240,668	-23
Plug-in hybrid vehicles (PHEV)	**182,551**	161,275	+13
Share of electrified vehicles in % of unit sales	**18.5**	19.7	

1 This figure includes the unit sales of the associated company Beijing Benz Automotive Co., Ltd. (BBAC), which is an equity-method investment.
2 Including AMG models and their derivatives.
3 Including Maybach variants.

In Europe, Mercedes-Benz Cars' unit sales were below the previous year's level. Development in individual markets within the region was mixed, with positive momentum in the United Kingdom, where unit sales increased compared to the prior year. In Germany, unit sales were below the previous year's level.

Driven by good sales momentum in the US market, unit sales in North America increased compared to the prior year. Full availability of the GLC models and other model launches from Mercedes-AMG contributed to this positive development.

In Asia, unit sales remained subdued compared to the prior year, particularly in the Top-End segment. Overall, sales fell compared to the previous year.

Unit Sales by region

	2024	2023	24/23
In units			% change
Total unit sales	**1,983,403**	2,044,051	-3
Europe[1]	**641,792**	659,627	-3
thereof Germany	**213,456**	234,274	-9
North America[2]	**365,358**	339,493	+8
thereof United States	**324,529**	298,013	+9
Asia	**892,147**	963,789	-7
thereof China[3]	**683,568**	737,226	-7
Other markets	**84,106**	81,142	+4

1 European Union, United Kingdom, Switzerland and Norway.
2 United States, Canada and Mexico.
3 This figure includes the unit sales of the associated company Beijing Benz Automotive Co., Ltd. (BBAC), which is an equity-method investment.

Order situation

At the end of 2024, Mercedes-Benz Cars' order intake was slightly above the previous year's level. The G-Class developed positively, with higher order intake for the new model. Demand for the GLC also contributed to a positive order situation.

Mercedes-Benz Vans

Mercedes-Benz Vans sold 405,600 (2023: 447,800) vehicles worldwide in 2024.

Unit sales in 2024 were impacted by special effects such as the model change for mid-size vans (particularly in Europe in the first half of the year and in China in the second half of the year) and the scheduled discontinuation of the Metris in the United States. In addition, unit sales were impacted by the declining market development for large vans with combustion engines in the United States and for mid-size vans with combustion engines in China.

Sales of electrified vans worldwide amounted to 19,500 (2023: 22,700) units. These were exclusively all-electric models. The share of electrified vehicles in total unit sales was 4.8% (2023: 5.1%). The overall market for all-electric models of small, mid-size and large vans in the core region of Europe was also subdued in 2024 compared to the prior year.

Unit Sales by segment

	2024	2023	24/23
In units			% change
Total unit sales[1]	**405,610**	447,790	-9
Commercial Vans	**343,683**	380,435	-10
large Vans (Sprinter/ eSprinter)	**219,127**	237,429	-8
mid-size Vans (Vito/eVito)	**101,205**	118,882	-15
small Vans (Citan/eCitan)	**23,351**	24,124	-3
Private Vans	**61,926**	67,355	-8
mid-size Vans (V-Class, EQV)	**56,809**	59,986	-5
small Vans (T-Class, EQT[2])	**5,117**	7,369	-31
thereof			
Electrified vehicles (xEV)[3]	**19,516**	22,666	-14
Share of electrified vehicles in % of unit sales	**4.8**	**5.1**	

1 This figure includes the unit sales of the joint venture Fujian Benz Automotive Co., Ltd (FBAC).
2 Mercedes-Benz EQT (energy consumption combined: 20.9–19.3 kWh/100 km | CO_2 emissions combined: 0 g/km | CO_2 class: A).
3 Exclusively all-electric models (BEV).

Unit Sales by region

	2024	2023	24/23
In units			% change
Total unit sales	**405,610**	447,790	-9
Europe[1]	**271,500**	279,408	-3
thereof Germany	**103,247**	113,986	-9
North America[2]	**59,953**	86,449	-31
thereof United States	**49,538**	75,090	-34
Asia	**33,993**	42,358	-20
thereof China[3]	**26,613**	33,430	-20
Other markets	**40,164**	39,575	+1

1 European Union, United Kingdom, Switzerland and Norway.
2 United States, Canada and Mexico.
3 This figure includes the unit sales of the joint venture Fujian Benz Automotive Co., Ltd (FBAC).

Order situation

At Mercedes-Benz Vans, the order backlog at the end of 2024 was significantly below the above-average high level of the previous year.

Mercedes-Benz Mobility

The Mercedes-Benz Mobility division had a contract volume of €138.1 billion – slightly above the previous year's level – at the end of 2024 (31 December 2023: €135.0 billion, +2%; after adjusting for exchange-rate effects 0%). The figure for contract volume shows the total monetary amount of all leasing and financing contracts on a certain date.

Impacted by developments on the sales side and continued high competition in the financial services sector, the number of new financing and leasing contracts in 2024 was 11% below the previous year's level at 1.25 million (31 December 2023: 1.40 million).

New business remained only 4% below the level of the same period last year at €59.5 billion (31 December 2023: €62.0 billion) due to a higher average financing and leasing volume per contract. New business represents the volume of leasing and financing contracts activated in the reporting year.

In the German market, new business was below the previous year's level at €9.4 billion (-10%). Contract volume amounted to €22.5 billion (-8%).

The US market benefited from an increase in the penetration rate. The penetration rate indicates the proportion of leased and financed vehicles in the Group's unit sales. At €17.4 billion (+7%), the volume of new business at the end of 2024 was higher than the figure recorded in the prior year. At the end of December 2024, the contract volume was €41.2 billion, 15% higher than at the end of 2023.

In China, on the other hand, increased competition in the financial services sector caused new business to decrease by 45% compared to the end of 2023 to €5.4 billion. At €13.3 billion, contract volume was also lower than in the previous year (-20%).

New business in other markets totalled €27.3 billion (+6%), while contract volume amounted to €61.1 billion (+5%).

Investment and research activities

Investment in property, plant and equipment

During the year under review, investments in property, plant and equipment at the **Mercedes-Benz Group** amounted to €4.0 billion and were thus higher than in the previous year (2023: €3.7 billion).

Investments in property, plant and equipment[1]

	2024	2023	24/23
In millions of euros			% change
Mercedes-Benz Group	**4,039**	3,745	+8
thereof Mercedes-Benz Cars	**3,392**	3,345	+1
thereof Mercedes-Benz Vans	**571**	351	+63

1 The investments in property, plant and equipment correspond to additions to property, plant and equipment in the Consolidated Statement of Cash Flows in the Consolidated Financial Statements.

In 2024, investments in property, plant and equipment at **Mercedes-Benz Cars** focused on the introduction of derivatives of the two new drive-flexible (MMA) and electric (MB.EA) architectures. At €3.4 billion, investments in property, plant and equipment in 2024 were above the previous year's level (2023: €3.3 billion).

The investments in property, plant and equipment at **Mercedes-Benz Vans** amounted to €0.6 billion in 2024 (2023: €0.4 billion) and were thus higher than in the prior year. Main areas of investments were the planned transformation of the Mercedes-Benz van fleet and the expansion of the van plants.

Research and development

Research and development expenditure at the **Mercedes-Benz Group** amounted to €9.7 billion in 2024 (2023: €10.0 billion), lower than in the previous year. €4.1 billion (2023: €3.8 billion) of the research and development costs were capitalized, representing a capitalization rate of 43% (2023: 38%).

Research and development

	2024	2023	24/23
In millions of euros			% change
Research and development expenditure	**9,717**	9,996	-3
thereof Mercedes-Benz Cars	**8,744**	9,099	-4
thereof Mercedes-Benz Vans	**1,012**	873	+16
Research and non-capitalized development costs	**5,580**	6,230	-10
Capitalized development costs	**4,137**	3,766	+10
Capitalization rate in %	**43**	38	

Research and development expenditure at **Mercedes-Benz Cars** amounted to €8.7 billion and was thus below the level of the previous year (2023: €9.1 billion). The decline was due to lower research and non-capitalized development costs in connection with existing vehicle models and conventional drive types. The increase in capitalization was again focused on the development of new architectures geared towards electromobility. This also included scope for the expansion of digitalization and automated driving.

Research and development expenditure at **Mercedes-Benz Vans** amounted to €1.0 billion in 2024 (2023: €0.9 billion), which was higher than the level of previous year. The reason for this was the increase in capitalized development costs resulting from the planned transition of the van fleet. A major factor was the new, modular and scalable Van Architecture. In contrast, research and development expenses for the existing Van models decreased.

Profitability, Liquidity and Capital Resources, and Financial Position

To provide a better insight into the Group's profitability, liquidity and capital resources, and financial position, in addition to the figures for the Mercedes-Benz Group, a Condensed Consolidated Statement of Income, a Condensed Consolidated Statement of Cash Flows and a Condensed Consolidated Statement of Financial Position are shown for each of the industrial business and the segment Mercedes-Benz Mobility. The industrial business comprises the automotive segments Mercedes-Benz Cars and Mercedes-Benz Vans. The effects from intra-Group eliminations between the industrial business and Mercedes-Benz Mobility, as well as items at the corporate level, are generally allocated to the industrial business. In justified individual cases, effects on the profitability, liquidity and capital resources, and financial position of the corresponding segment are presented from an economic rather than a legal perspective.

In the reporting year, changes have been made to improve the presentation of the Consolidated Statement of Income and the Consolidated Statement of Financial Position. The figures of the previous year have been adjusted accordingly. Further information is included in the Note Material accounting policies of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements. For error corrections made in the previous year within the meaning of IAS 8.41 ff. please refer to the Note Corrections in accordance with IAS 8.

In order to provide a more transparent presentation of the ongoing business, adjusted figures are also calculated and reported for both the Group and the segments. The adjustments generally include individual items insofar as they lead to material effects in a reporting year. These individual items can relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions. The individual item reported under restructuring measures concerns expenses from an impairment of the shares in Automotive Cells Company SE (ACC), which is related to the strategic focus within the investment.

Further information on the performance measurement system can be found in the chapter Corporate Profile.

Profitability

Consolidated Statement of Income

In 2024, the **revenue** amounted to €145.6 billion (2023: €152.4 billion) and was thus slightly lower than in the prior year. This was primarily due to the slight decrease in unit sales in connection with an unfavourable product and market mix as well as negative net pricing effects.

Cost of sales amounted to €117.0 billion (2023: €117.4 billion) in 2024 and was on the same level as in the previous year. The slight decrease in unit sales and cost efficiencies, primarily in procurement and production, were offset by increased expenses for measures relating to the product life cycles of Mercedes-Benz vehicles, higher expenses to suppliers and value adjustments of leased vehicles with electric drive trains as well as by increased cost of credit risks mainly in the United States and a negative development of interest rates in the financial services sector.

Overall, **gross profit in relation to revenue** decreased from €35.0 billion to €28.6 billion.

Revenue by segment and region

In millions of euros	**2024**	2023 (adjusted)	24/23 % change
Mercedes-Benz Group[1]	**145,594**	152,390	-4
Segments			
Mercedes-Benz Cars	**107,761**	112,756	-4
Mercedes-Benz Vans	**19,320**	20,288	-5
Mercedes-Benz Mobility[1]	**25,083**	25,571	-2
Reconciliation[1, 2]	**-6,570**	-6,225	+6
Regions			
Europe[1]	**58,764**	61,067	-4
thereof Germany[1]	**21,707**	24,631	-12
North America	**38,917**	40,488	-4
thereof United States	**34,900**	36,041	-3
Asia	**39,643**	43,382	-9
thereof China	**23,139**	25,284	-8
Other markets	**8,270**	7,453	+11

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.
2 The reconciliation includes eliminations of intra-Group revenue between the segments.

Selling expenses of €10.0 billion in 2024 were on the same level as in the previous year (2023: €10.3 billion).

In 2024, **general administrative expenses** decreased by €0.3 billion to €2.5 billion (2023: €2.8 billion) mainly due to lower variable wage and salary components.

Research and non-capitalized development costs of €5.6 billion in 2024 were below the prior-year level (2023: €6.2 billion). The decrease was due to lower expenses in connection with existing vehicle models, mainly with the current platform generations geared towards electric mobility, and due to lower expenses for conventional drive systems. Further information on this topic is provided in the chapter Investment and research activities of this Combined Management Report.

Other operating income of €2.0 billion (2023: €1.7 billion) was above the level of the prior year. This was primarily due to income from the reversal of provisions in connection with governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles. In contrast, income from costs recharged to third parties was reduced mainly as a result of the first time consolidation of previously unconsolidated companies. Additionally, expenses in connection with the discontinuation of business activities in Russia had a negative impact on earnings in the previous year.

In 2024, the **gains/losses on equity-method investments** amounted to €1.1 billion (2023: €2.1 billion) and were thus significantly below the prior-year level. The negative development was mainly due to the lower income from the Chinese investments and an impairment of the shares in Automotive Cells Company SE (ACC), which is related to the strategic focus within the investment.

The **other financial income/expense** was below the previous year's level at €0.0 billion (2023: €0.1 billion), mainly due to higher expenses from the discounting of non-current provisions.

Earnings before interest and taxes (EBIT) amounted to €13.6 billion in 2024, which is significantly lower than in the previous year (2023: €19.7 billion).

Net interest income/expense improved among others due to the global increase in interest rates to an income of €0.5 billion (2023: €0.4 billion).

The **tax expense** of €3.7 billion (2023: €5.6 billion) was below prior-year level. The effective tax rate for the reporting year was 26.4% (2023: 27.6%).

Net profit was thus €10.4 billion (2023: €14.5 billion). Net profit of €0.2 billion is attributable to **non-controlling interests** (2023: €0.3 billion). The net profit **attributable to shareholders of Mercedes-Benz Group AG** amounted to €10.2 billion (2023: €14.3 billion), leading to a decrease in **earnings per share** to €10.19 (2023: €13.46). The calculation of earnings per share is based on an average number of 1,002.0 million issued shares (2023: 1,059.6 million issued shares). The decrease in the weighted average number of shares in circulation is due to the share buyback programmes completed in the reporting period.

Further information on the individual items of the Consolidated Statement of Income is provided in Note 5 ff. of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.

Condensed Consolidated Statement of Income/Loss

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	2024	2023 (adjusted)	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)
In millions of euros						
Revenue[1]	**145,594**	152,390	**120,511**	126,819	**25,083**	25,571
Cost of sales[1, 2]	**-117,018**	-117,386	**-94,264**	-94,903	**-22,754**	-22,483
Gross profit in relation to revenue[2]	**28,576**	35,004	**26,247**	31,916	**2,329**	3,088
Selling expenses[2]	**-9,993**	-10,270	**-9,377**	-9,585	**-616**	-685
General administrative expenses[2]	**-2,529**	-2,771	**-1,774**	-1,978	**-755**	-793
Research and non-capitalized development costs	**-5,580**	-6,230	**-5,580**	-6,230	**–**	–
Other operating income/expense	**2,024**	1,690	**1,845**	1,838	**179**	-148
Gains/losses on equity-method investments, net	**1,138**	2,129	**1,140**	2,284	**-2**	-155
Other financial income/expense, net	**-37**	108	**-36**	113	**-1**	-5
EBIT	**13,599**	19,660	**12,465**	18,358	**1,134**	1,302
Interest income	**548**	424				
Profit before income taxes	**14,147**	20,084				
Income taxes	**-3,738**	-5,553				
Net profit	**10,409**	14,531				
thereof profit attributable to non-controlling interests	**202**	270				
thereof profit attributable to shareholders of Mercedes-Benz Group AG	**10,207**	14,261				
Earnings per share (in euros)						
For profit attributable to shareholders of Mercedes-Benz Group AG						
Basic	**10.19**	13.46				
Diluted	**10.19**	13.46				

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.
2 For a more suitable presentation, reclassifications have been carried out in the functional costs. The reclassifications are described in Note 1 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.

EBIT by segment

The EBIT of the **Mercedes-Benz Cars** segment decreased to €8,460 million in 2024 (2023: €14,224 million); adjusted EBIT was €8,677 million (2023: €14,252 million). With a revenue of €107,761 million (2023: €112,756 million), the adjusted return on sales of 8.1% was lower than the adjusted prior-year figure of 12.6%.

Gross profit in relation to revenue decreased from 23.8% to 20.0%. Negative pricing effects, the decrease in unit sales in connection with an unfavourable product and market mix, increased expenses for measures in connection with product lifecycles, lower earnings in the used vehicle business and value adjustments of leased vehicles with electric drive trains had a negative impact. Opposed to that, cost efficiencies mainly in procurement and production could significantly overcompensate for higher expenses to suppliers and thus had a positive impact on gross profit in relation to revenue. Lower research and non-capitalized development costs due to lower expenses in connection with existing vehicle models and conventional drive systems had a positive impact on earnings. Lower general administrative expenses as a consequence of lower variable wage and salary components along with lower selling expenses due to decreased unit sales had a positive impact as well. In addition, lower gains from Automotive Cells Company (ACC) and the Chinese equity-method investments contributed to a decrease in earnings.

Adjusted EBIT was slightly higher than EBIT in the year 2024. Gains resulting from the measurement of provisions in connection with governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles of €133 million (2023: expenses of €94 million) were adjusted. The individual item reported under restructuring measures concerns expenses of €350 million from an impairment of the shares in Automotive Cells Company SE (ACC), which is related to the strategic focus within the investment. In addition, earnings in connection with the discontinuation of the business activities in Russia in the amount of €66 million had a positive impact on EBIT in the previous year.

The **Mercedes-Benz Vans** segment achieved an EBIT of €2,932 million (2023: €3,138 million); adjusted EBIT was €2,825 million (2023: €3,063 million). With revenue of €19,320 million (2023: €20,288 million), the adjusted return on sales of 14.6% was slightly lower than the adjusted prior-year figure of 15.1%.

Gross profit in relation to revenue decreased from 24.9% to 24.1% due to lower unit sales. Opposed to that, a favourable product mix due to a strong product substance had a positive impact on gross profit in relation to revenue. The gains on the Chinese equity-method investments were below the level of the previous year due to a model change.

Adjusted EBIT was slightly lower than EBIT in the year 2024. Gains resulting from the measurement of provisions in connection with governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles were adjusted and positively affected earnings by €107 million (2023: €70 million).

In 2024, the EBIT of the **Mercedes-Benz Mobility** segment amounted to €1,134 million (2023: €1,302 million); adjusted EBIT was €1,134 million (2023: €1,695 million). Revenue amounted to €25,083 million (2023: €25,571 million). Adjusted return on equity of 8.7% was below the adjusted prior-year figure of 12.3%.

The main reasons for the development of EBIT in 2024 were a lower interest margin due to the development of interest rates and increased competition in the financial services sector. In addition, cost of credit risks were above the previous year's level, mainly due to a challenging macroeconomic environment in the United States. Moreover, Athlon's reduced remarketing result had a negative impact on earnings. In contrast to that, functional costs were reduced as a result of efficiency measures.

In the previous year, expenses of €276 million in connection with the discontinuation of the business activities in Russia as well as an impairment of the equity-method gains/losses (€117 million) were adjusted in EBIT.

The **reconciliation** of the segments' EBIT to Group EBIT comprises items at the corporate level and the effects on earnings of eliminating intra-Group transactions between the segments.

In 2024, items at the corporate level resulted in earnings of €883 million (2023: €858 million). This includes the positive effects on earnings of €711 million (2023: €797 million) from the equity-method investments in Daimler Truck Holding AG and €223 million in 2024 (2023: €68 million) from the revaluation of the liabilities recognized in the context of the share buyback programmes.

The elimination of intra-Group transactions resulted in earnings of €190 million in 2024 (2023: €138 million).

EBIT of the Mercedes-Benz Group

	Mercedes-Benz Group		Mercedes-Benz Cars		Mercedes-Benz Vans		Mercedes-Benz Mobility		Reconciliation	
	2024	2023 (adjusted)	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)
In millions of euros										
Revenue[1]	**145,594**	152,390	**107,761**	112,756	**19,320**	20,288	**25,083**	25,571	**-6,570**	-6,225
Cost of sales[1, 2]	**-117,018**	-117,386	**-86,191**	-85,970	**-14,669**	-15,235	**-22,754**	-22,483	**6,596**	6,302
Gross profit in relation to revenue[2]	**28,576**	35,004	**21,570**	26,786	**4,651**	5,053	**2,329**	3,088	**26**	77
Selling expenses[2]	**-9,993**	-10,270	**-8,053**	-8,094	**-1,479**	-1,528	**-616**	-685	**155**	37
General administrative expenses[2]	**-2,529**	-2,771	**-1,481**	-1,580	**-257**	-244	**-755**	-793	**-36**	-154
Research and non-capitalized development costs	**-5,580**	-6,230	**-5,187**	-5,682	**-433**	-524	**–**	–	**40**	-24
Other income/expense	**3,125**	3,927	**1,611**	2,794	**450**	381	**176**	-308	**888**	1,060
EBIT	**13,599**	19,660	**8,460**	14,224	**2,932**	3,138	**1,134**	1,302	**1,073**	996
Legal proceedings (and related measures)	**-236**	22	**-133**	94	**-107**	-70	**–**	–	**4**	-2
Restructuring measures	**350**	–	**350**	–	**–**	–	**–**	–	**–**	–
M&A transactions	**–**	117	**–**	–	**–**	–	**–**	117	**–**	–
Income/expenses in connection with adjustments of the business activities in Russia	**–**	205	**–**	-66	**–**	-5	**–**	276	**–**	–
Adjusted EBIT	**13,713**	20,004	**8,677**	14,252	**2,825**	3,063	**1,134**	1,695	**1,077**	994
Return on sales/return on equity (in %)[3]			**7.9%**	12.6%	**15.2%**	15.5%	**8.7%**	9.5%		
Adjusted return on sales/return on equity (in %)[3]			**8.1%**	12.6%	**14.6%**	15.1%	**8.7%**	12.3%		

1 The previous year's figures for Mercedes-Benz Mobility and the reconciliation have been corrected in accordance with IAS 8. Further information is included in Note 3 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.
2 For a more suitable presentation, reclassifications in the functional costs have been carried out for Mercedes-Benz Cars, Mercedes-Benz Vans and the reconciliation. The reclassifications are described in Note 1 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.
3 (Adjusted) return on sales of the segments Mercedes-Benz Cars and Mercedes-Benz Vans is calculated as the ratio of (adjusted) EBIT to revenue. The (adjusted) return on equity of the segment Mercedes-Benz Mobility is determined as the ratio of (adjusted) EBIT to the average equity of each quarter.

Value added and return on net assets

As described in the section Performance measurement system, value added is calculated as the difference between the measure of earnings and the cost of capital. The cost of capital used in the calculation of value added is based on average net assets multiplied by the cost of capital rate. The ratio of earnings to net assets results in the profitability of net assets, i.e. the return on capital employed (return on net assets, RONA).

The measure of earnings for the segments is EBIT and for the Group is net operating profit, which in addition to the EBIT of the segments also includes earnings effects for which the segments are not accountable, such as income taxes and other reconciling items.

The following table shows value added for the Mercedes-Benz Group and for the individual segments.

Value Added

In millions of euros	**2024**	2023	24/23 Change
Mercedes-Benz Group	**4,273**	8,844	-4,571
Mercedes-Benz Cars	**3,012**	8,841	-5,829
Mercedes-Benz Vans	**2,720**	2,975	-255
Mercedes-Benz Mobility	**-555**	-488	-67

The value added of the **Mercedes-Benz Group** in the reporting year amounted to €4.3 billion, significantly below the value added of the prior year of €8.8 billion. This represents a return on net assets of 16.6% (2023: 23.8%), which was nevertheless higher than the Group's required cost of capital rate of 9.5% (2023: 9.0%). The value added of the Mercedes-Benz Group decreased, mainly due to the negative earnings development of the segments. Average net assets only increased slightly to €60,5 billion.

At the **Mercedes-Benz Cars** segment, value added of €3.0 billion was significantly below the prior-year amount of €8.8 billion. RONA amounted to 20.2% (2023: 34.4%). This was primarily due to the negative earnings development. The segment's average net assets increased by €0.5 billion and were thus slightly higher than in the prior year. The increase was primarily due to higher capitalized development costs in connection with the new architectures geared towards electromobility.

The value added of the **Mercedes-Benz Vans** segment decreased from €3.0 billion to €2.7 billion. RONA amounted to 179.7% (2023: 250.4%). This was due to the negative earnings development. Furthermore, there was an additional effect from the significant increase in the average net assets to €1.6 billion, which was mainly due to higher fixed assets due to advance payments for the new Mercedes-Benz Van Architecture and investments in van plants to expand production.

At the **Mercedes-Benz Mobility** segment, value added amounted to minus €0.6 billion (2023: minus €0.5 billion). The segment's return on equity was 8.7% (2023: 9.5%). The development of the return on equity primarily reflects the decrease in earnings. By contrast, the decrease in average total equity had a slightly positive effect on the return on equity.

The following table shows the reconciliation of the segments' EBIT to net operating profit of the Mercedes-Benz Group.

Reconciliation of the segments' EBIT to net operating profit

	2024	2023	24/23
In millions of euros			Change
Mercedes-Benz Cars	**8,460**	14,224	-5,764
Mercedes-Benz Vans	**2,932**	3,138	-206
Mercedes-Benz Mobility	**1,134**	1,302	-168
EBIT of the segments	**12,526**	18,664	-6,138
Income taxes[1]	**-3,579**	-5,430	+1,851
Other reconciliation	**1,073**	996	+77
Net operating profit Mercedes-Benz Group	**10,020**	14,230	-4,210

1 Adjusted for after-tax interest income.

The following table shows the average net assets.

Net assets (average)

	2024	2023	24/23
In millions of euros			% change
Mercedes-Benz Cars	**41,905**	41,407	+1
Mercedes-Benz Vans	**1,632**	1,253	+30
Mercedes-Benz Mobility[1]	**12,993**	13,774	-6
Net assets of the segments	**56,530**	56,434	–
Equity-method investment in DTHAG	**8,466**	8,221	+3
Other equity-method investments[2]	**230**	253	-9
Assets and liabilities from income taxes[3]	**-4,717**	-5,159	-9
Other corporate items and eliminations	**-19**	94	-120
Net assets Mercedes-Benz Group	**60,490**	59,843	+1

1 Equity.
2 To the extent not allocated to the segments.
3 To the extent not allocated to Mercedes-Benz Mobility.

The following table shows the derivation of net assets on 31 December from the Consolidated Statement of Financial Position.

Net assets of the Mercedes-Benz Group at year-end

		31 December	
	2024	2023	24/23
In millions of euros			% change
Intangible assets[1]	**18,877**	17,022	+11
Property, plant and equipment including right-of-use assets[1]	**26,210**	25,797	+2
Equipment on operating leases[1]	**14,698**	14,445	+2
Inventories[1]	**25,786**	26,126	-1
Trade receivables[1]	**6,418**	6,585	-3
Provisions for other risks[1]	**-14,248**	-14,481	-2
Trade payables[1]	**-10,104**	-11,625	-13
Other assets and liabilities[1]	**-15,542**	-12,409	+25
Assets and liabilities from income taxes[1]	**-3,960**	-4,778	-17
Total equity of Mercedes-Benz Mobility	**13,362**	13,014	+3
Mercedes-Benz Group	**61,497**	59,696	+3

1 To the extent not allocated to Mercedes-Benz Mobility.

Liquidity and capital resources

Principles and objectives of financial management

Financial management at the Mercedes-Benz Group consists of capital structure management, cash and liquidity management, market-price risk management (foreign exchange rates and interest rates), as well as pension-asset management and credit and country risk management. Worldwide financial management is performed within the framework of legal requirements consistently for the Group entities by the Treasury department of the Mercedes-Benz Group. Financial management operates within a framework of policies, limits and benchmarks, and on the operational level is organizationally separate from other financial functions such as settlement, financial controlling, reporting and accounting.

Capital structure management designs the capital structure of the Group and the subsidiaries. Decisions regarding the capitalization of the Mercedes-Benz Group companies are based on the principles of cost-optimized and risk-optimized liquidity and capital resources.

Liquidity management aims to ensure the Group can meet its payment obligations at any time. For this purpose, the Group records the cash flows from operating and financial activities in a rolling plan. The resulting financial requirements are covered by the use of appropriate instruments for liquidity management (e.g. bank credit, commercial paper and notes); liquidity surpluses are invested in the money market or the capital market taking into account risk and return expectations. Our goal is to ensure the level of liquidity regarded as necessary at optimal costs. Besides operational liquidity, the Mercedes-Benz Group maintains additional sources of liquidity which are available in the short term. Those additional financial resources include a pool of receivables from the financial services business which are available for securitization in the capital market and a contractually confirmed syndicated credit facility. Since December 2021, the Group also has liquidity reserves in the form of its shareholding in Daimler Truck Holding AG.

Cash management centrally determines the cash requirements and surpluses. By means of cash-pooling procedures, liquidity is in general centrally concentrated on bank accounts of the Mercedes-Benz Group in various currencies. Most of the payments between companies of the Group are made through internal clearing accounts so that the number of external cash flows is reduced to a minimum. The Mercedes-Benz Group has established standardized processes and systems to manage its bank accounts and internal cash-clearing accounts, and to execute automated payment transactions.

Management of market-price risks aims to limit the impact of fluctuations in foreign exchange rates and interest rates on the earnings of the divisions and the Group. The Group's overall exposure to these market-price risks is initially determined in order to provide a basis for hedging decisions. These include the volume to be hedged, the period to be hedged and the choice of hedging instruments. The hedging strategy is specified at Group level and uniformly implemented. The decision-making body is the Treasury Risk Management Committee, which meets regularly.

Management of pension assets (plan assets) includes the investment of the assets to cover the corresponding pension obligations. The plan assets are legally separated from the Group's assets and are invested primarily in funds; they are not available for general business purposes. The plan assets are spread across a broad range of investment categories such as equities, fixed-interest securities, alternative investments and real estate, depending on the expected development of pension obligations and with the help of risk-return optimization. The performance of the asset management is measured by comparison with defined benchmark indices. The investment risks are limited via a Group-wide policy. In addition, there are local regulations for risk management for the individual plan assets. Additional information on pension plans and similar obligations is provided in Note 23 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.

The risk volume that is subject to **credit risk management** includes the Mercedes-Benz Group's worldwide creditor positions with financial institutions, issuers of securities and customers in the financial services business, as well as trade receivables. Credit risks with financial institutions and issuers of securities arise primarily from investments executed as part of our liquidity management and from the application of derivative financial instruments. The management of these credit risks is mainly based on an internal limit system that reflects the creditworthiness of the respective financial institution or issuer. The credit risk with customers of the automotive business results from relationships with contracted dealerships and general agencies, other corporate customers and retail customers. In connection with the export business, general agencies that according to the creditworthiness analyses are not sufficiently creditworthy are generally required to provide collaterals such as first-class bank guarantees. The credit risk with end customers in the financial services business is managed by Mercedes-Benz Mobility on the basis of a standardized risk-management process. In this process, minimum requirements are defined for the sales-financing and leasing business and standards are set for credit processes, as well as for the identification, measurement and management of risks. Key elements for the management of credit risks are appropriate creditworthiness assessments supported by statistical risk-classification methods, as well as structured portfolio analysis and portfolio monitoring.

Financial country risk management includes various aspects: the risk from investments in subsidiaries and joint ventures, the risk from the cross-border financing of Group companies in high-risk countries and the risk from direct sales to customers in those countries. The Group has an internal rating system that assigns the countries in which it operates to risk categories. Risks from cross-border receivables are partially protected with the use of letters of credit and bank guarantees in favour of Mercedes-Benz Group AG and other Group companies. In addition, an internal committee sets and restricts the level of hard-currency credits granted to Mercedes-Benz Mobility companies in high-risk countries.

Further information on the management of market-price risk, credit risk and liquidity risk is provided in Note 33 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.

Condensed Consolidated Statement of Cash flows

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	2024	2023 (adjusted)	**2024**	2023	**2024**	2023 (adjusted)
In millions of euros						
Cash and cash equivalents at beginning of year	**15,972**	17,679	**13,117**	14,094	**2,855**	3,585
thereof cash and cash equivalents classified as assets held for sale at beginning of year	**10**	–	**10**	–	**–**	–
Profit before income taxes	**14,147**	20,084	**13,014**	18,792	**1,133**	1,292
Depreciation and amortization/impairments	**6,772**	6,663	**6,667**	6,549	**105**	114
Other non-cash expense and income and gains/losses from disposals of non-current assets	**-1,344**	-2,461	**-1,377**	-2,944	**33**	483
Change in operating assets and liabilities						
Inventories[1]	**737**	-2,420	**829**	-2,590	**-92**	170
Trade receivables and trade payables	**-1,199**	1,310	**-1,336**	1,146	**137**	164
Receivables from financial services[1]	**3,280**	-6,125	**56**	222	**3,224**	-6,347
Vehicles on operating leases	**-3,110**	-640	**825**	-502	**-3,935**	-138
Other operating assets and liabilities	**986**	1,624	**787**	1,179	**199**	445
Dividends received from equity-method investments	**1,918**	2,056	**1,918**	2,056	**–**	–
Income taxes paid	**-4,452**	-5,621	**-3,894**	-4,807	**-558**	-814
Cash flow from operating activities	**17,735**	14,470	**17,489**	19,101	**246**	-4,631
Additions to property, plant and equipment and intangible assets	**-8,665**	-8,213	**-8,539**	-8,114	**-126**	-99
Investments in and cash inflows from disposals of shareholdings and other business operations	**353**	278	**588**	507	**-235**	-229
Acquisitions of and cash inflows from sales of marketable debt securities and similar investments	**-625**	307	**-700**	229	**75**	78
Other cash flows	**187**	313	**212**	349	**-25**	-36
Cash flow from investing activities	**-8,750**	-7,315	**-8,439**	-7,029	**-311**	-286
Change in financing liabilities	**-188**	-697	**1,753**	2,320	**-1,941**	-3,017
Dividends paid	**-5,725**	-5,880	**-5,679**	-5,758	**-46**	-122
Acquisition of treasury shares	**-4,921**	-1,941	**-4,921**	-1,941	**–**	–
Other cash inflows	**82**	127	**77**	65	**5**	62
Internal equity and financing transactions	**–**	–	**-2,162**	-7,340	**2,162**	7,340
Cash flow from financing activities	**-10,752**	-8,391	**-10,932**	-12,654	**180**	4,263
Effect of foreign exchange-rate changes on cash and cash equivalents	**311**	-471	**290**	-395	**21**	-76
Cash and cash equivalents at end of year	**14,516**	15,972	**11,525**	13,117	**2,991**	2,855
thereof cash and cash equivalents classified as assets held for sale at end of year	**5**	10	**1**	10	**4**	–

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.

Free cash flow of the industrial business

The free cash flow of the industrial business is regarded as a key performance indicator for the Mercedes-Benz Group. The free cash flow of the industrial business is derived from the cash flows from operating and investing activities. The following table also shows the reconciliation to the adjusted free cash flow of the industrial business.

Free cash flow of the industrial business

	2024	2023	24/23
In millions of euros			Change
Cash flow from operating activities	**17,489**	19,101	-1,612
Cash flow from investing activities	**-8,439**	-7,029	-1,410
Change in marketable debt securities and similar investments	**700**	-229	+929
Right-of-use assets	**-430**	-328	-102
Other adjustments	**-168**	-199	+31
Free cash flow of the industrial business	**9,152**	11,316	-2,164
Legal proceedings (and related measures)	**269**	447	-178
Restructuring measures	**–**	101	-101
M&A transactions	**–**	-144	+144
Adjusted free cash flow of the industrial business	**9,421**	11,720	-2,299

The cash flows from acquisitions and sales of marketable debt securities and similar investments included in cash flow from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow of the industrial business. On the other hand, effects in connection with the recognition and measurement of right-of-use assets, which result from lessee accounting and are largely non-cash items, are included in the free cash flow of the industrial business. Other adjustments relate to effects from the financing of the Group's own dealerships and effects from internal deposits within the Group. In addition, the calculation of the free cash flow of the industrial business includes the cash flows to be shown under cash flow from financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control.

In 2024, the free cash flow of the industrial business amounted to €9.2 billion and was thus slightly lower than the previous year's figure of €11.3 billion.

The decrease in the free cash flow of the industrial business by €2.2 billion to €9.2 billion compared to the previous year is characterized in particular by a decline in profit before income taxes of the industrial business adjusted for non-cash effects. This was partly offset by lower income taxes paid than in the previous year.

Furthermore, higher investments in intangible assets and property, plant and equipment had a negative effect on the free cash flow of the industrial business.

In contrast, there was a positive effect in the vehicles on operating leases from the operating lease portfolio in the industrial business, whereas the effect in the prior year was negative.

During the reporting period, a further positive effect resulted from the development of the working capital, mainly due to a reduction of inventories compared to an increase in inventories in the same period of the previous year. This was offset by a decrease in trade payables, which had increased in the prior year.

In the previous year, the free cash flow was also impacted by higher payments resulting from the settlement of civil and environmental claims made by several US authorities in 2020 in connection with emission control systems used in certain diesel vehicles as well as payments in connection with restructuring measures.

The adjustments from legal proceedings include payments by the industrial business in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles. The adjustments from restructuring measures included payments made in connection with the personnel-cost-optimization programmes in the previous year. In the previous year, the adjustments from M&A transactions encompassed the cash inflow from the purchase price payment for the sale of shares in Mercedes-Benz Grand Prix Ltd. The adjusted free cash flow of the industrial business amounted to a total of €9.4 billion (2023: €11.7 billion).

Free cash flow of the Mercedes-Benz Group

In 2024, the **free cash flow of the Mercedes-Benz Group** resulted in a cash inflow of €9.4 billion (2023: €6.7 billion). The increase in the free cash flow of the Mercedes-Benz Group was mainly due to the significantly smaller increase in the leasing and sales-financing business of Mercedes-Benz Mobility compared to the previous year. This was partially offset by a decrease in the free cash flow of the industrial business in comparison to the prior year.

Cash flow from financing activities of the Mercedes-Benz Group

A cash outflow of €10.8 billion (2023: €8.4 billion) resulted from the cash flow from financing activities (see condensed statement of cash flows) during the reporting period. The higher cash outflow relative to the same period of the prior year is primarily due to the payments of €4.8 billion (2023: €1.9 billion) made in connection with the share buyback programmes. This was partly offset by higher net refinancing compared to the previous year.

CFBIT and cash conversion rate of the automotive segments

The **CFBIT of the automotive segments** is derived from the EBIT and the change in net assets, and also includes additions to the right-of-use assets. The line Other was primarily affected by dividend payments from equity-method investments, payments for the settlement of payables and provisions recognized in previous years through profit or loss, and the adjustment of non-cash income and expense included in EBIT.

The following table shows the reconciliation from EBIT for Mercedes-Benz Cars and Mercedes-Benz Vans to the CFBIT of the corresponding segment. The reconciliation from CFBIT to **adjusted CFBIT** and the **adjusted cash conversion rate** are also shown.

Mercedes-Benz Cars achieved an adjusted cash conversion rate of 1.0 (2023: 0.9) and Mercedes-Benz Vans an adjusted cash conversion rate of 1.0 (2023: 1.0).

Reconciliation from EBIT to adjusted CFBIT

	Mercedes-Benz Cars		**Mercedes-Benz Vans**	
	2024	2023	**2024**	2023
In millions of euros				
EBIT	**8,460**	14,224	**2,932**	3,138
Change in working capital	**-470**	-1,095	**-43**	-340
Net financial investments	**134**	514	**61**	-29
Net investments in property, plant and equipment and intangible assets	**-7,636**	-7,453	**-1,173**	-725
Depreciation and amortization/ impairments	**6,138**	6,125	**520**	420
Other	**2,337**	21	**408**	353
CFBIT	**8,963**	12,336	**2,705**	2,817
Legal proceedings (and related measures)	**132**	251	**133**	198
Restructuring measures	**–**	92	**–**	3
M&A transactions	**–**	-144	**–**	–
Adjusted CFBIT	**9,095**	12,535	**2,838**	3,018
Adjusted EBIT	**8,677**	14,252	**2,825**	3,063
Adjusted cash conversion rate[1]	**1.0**	0.9	**1.0**	1.0

1 The adjusted cash conversion rate is the ratio of adjusted CFBIT to adjusted EBIT.

As well as being calculated on the basis of the disclosed cash flows from operating and investing activities, the free cash flow of the industrial business can also be calculated on the basis of the cash flows before interest and taxes (CFBIT) of the automotive segments. The reconciliation from the CFBIT of the automotive segments to the free cash flow of the industrial business includes the sum of receipts and payments of income taxes and interest of the industrial business. The other reconciling items primarily comprise eliminations between the segments and items that are allocated to the industrial business but for which the automotive segments are not responsible.

Reconciliation from CFBIT to the free cash flow of the industrial business

	2024	2023
In millions of euros		
CFBIT Mercedes-Benz Cars	**8,963**	12,336
CFBIT Mercedes-Benz Vans	**2,705**	2,817
Income taxes paid/refunded	**-3,894**	-4,807
Interest paid/received	**629**	324
Other reconciling items	**749**	646
Free cash flow of the industrial business	**9,152**	11,316

Net liquidity and net debt

As the following table shows, the **net liquidity of the industrial business** is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and the marketable debt securities and similar investments included in liquidity management, less the nominal amounts of financing liabilities.

Net liquidity of the industrial business

	31 December		
	2024	2023 (adjusted)	24/23
In millions of euros			Change
Cash and cash equivalents	**11,525**	13,117	-1,592
Marketable debt securities and similar investments	**6,874**	5,948	+926
Liquidity	**18,399**	19,065	-666
Financing liabilities[1]	**13,437**	12,899	+538
Liabilities from refinancing internal dealerships	**-59**	-169	+110
Market valuation and currency hedges for financing liabilities	**-360**	-726	+366
Financing liabilities (nominal)	**13,018**	12,004	+1,014
Net liquidity	**31,417**	31,069	+348

1 The presentation of financing liabilities has been adjusted (see Note 1 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements).

To the extent that the Group's internal refinancing of the financial services business is provided by the companies of the industrial business, this amount is deducted by an elimination in the financing liabilities in the calculation of the net debt of the industrial business. This led to negative financing liabilities in the industrial business in both the reporting year and the prior year, so that the financing liabilities are shown in the table Net liquidity of the industrial business with a positive effect on net liquidity.

Since 31 December 2023, the net liquidity of the industrial business increased by €0.3 billion to €31.4 billion. The increase is mainly due to the positive free cash flow of the industrial business. Other positive effects resulted in particular from cash-effective transactions with companies of the financial services business. This was partially offset by the dividend payment made to the shareholders of Mercedes-Benz Group AG and by payments in the context of the share buyback programmes.

Net debt at Group level, which primarily results from refinancing the leasing and sales-financing business, increased compared with 31 December 2023 by €3.5 billion to €90.9 billion. The derivation of net debt is shown in the following table. After taking exchange-rate effects into account, the cash and cash equivalents have decreased by €1.5 billion since 31 December 2023.

An insignificant portion of these funds is restricted due to foreign exchange controls (see Note 1 and Note 29 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements). Total liquidity, which also includes marketable debt securities and similar investments, decreased by 0.6 billion to €22.2 billion.

Net debt of the Mercedes-Benz Group

	31 December		
	2024	2023 (adjusted)	24/23
In millions of euros			Change
Cash and cash equivalents	**14,516**	15,972	-1,456
Marketable debt securities and similar investments	**7,730**	6,858	+872
Liquidity	**22,246**	22,830	-584
Financing liabilities[1]	**-112,825**	-109,517	-3,308
Market valuation and currency hedges for financing liabilities	**-359**	-720	+361
Financing liabilities (nominal)	**-113,184**	-110,237	-2,947
Net debt	**-90,938**	-87,407	-3,531

1 The presentation of financing liabilities has been adjusted (see Note 1 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements).

Contingent liabilities and other financial obligations

At 31 December 2024, the best estimate for **contingent liabilities** was €2.8 billion (2023: €2.6 billion).

In the context of its ordinary business activities, the Group has also entered into **other financial obligations** in addition to the liabilities shown in the Consolidated Statement of Financial Position at 31 December 2024. These financial obligations result from contractual commitments to acquire intangible assets; property, plant and equipment; equipment on operating leases and irrevocable loan commitments.

Detailed information on contingent liabilities and other financial obligations is provided in Note 31 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.

Refinancing

The funds raised by the Mercedes-Benz Group in the year 2024 primarily served to refinance the leasing and sales-financing business. For that purpose, the Mercedes-Benz Group made use of a broad spectrum of various financing instruments in various currencies and markets. They include bank loans, commercial paper in the money market, bonds, promissory-note loans and the securitization of receivables in the financial services business (asset-backed securities).

Various issuance programmes are available for raising longer-term funds in the capital market. They include the Euro Medium Term Notes programme (EMTN) with a total volume of €70 billion, under which Mercedes-Benz Group AG and several subsidiaries can issue **bonds** in various currencies. Other local capital-market programmes exist, which are significantly smaller than the EMTN programme. Capital-market programmes allow flexible, repeated access to the capital markets.

The situation in the bond markets in the reporting year was significantly influenced by factors such as inflation and the volatility of interest rates as well as decisions by central bank.

In the reporting period, the Group covered its refinancing requirements through the issuance of bonds and other means. As can be seen in the following table they include so-called benchmark issuances (syndicated bonds with a high nominal volume) by Mercedes-Benz Finance North America LLC in the US-dollar area and Mercedes-Benz International Finance B.V. in the euro area.

Benchmark issuances

Issuer	Volume	Month of issuance	Maturity
Mercedes-Benz Finance North America LLC			
	USD 1,350 million	01/2024	01/2026
	USD 800 million	01/2024	01/2027
	USD 850 million	01/2024	01/2029
	USD 750 million	01/2024	01/2034
	USD 1,500 million	08/2024	07/2026
	USD 700 million	08/2024	08/2027
	USD 850 million	08/2024	08/2029
	USD 450 million	08/2024	08/2034
	USD 600 million	11/2024	11/2026
	USD 1,250 million	11/2024	11/2027
	USD 600 million	11/2024	11/2029
Mercedes-Benz International Finance B.V.			
	EUR 850 million	01/2024	07/2027
	EUR 850 million	01/2024	01/2032
	EUR 850 million	05/2024	09/2027
	EUR 1,150 million	05/2024	11/2030

The Mercedes-Benz Group also issued **commercial paper** in 2024.

In addition, **asset-backed securities (ABS) transactions** with a total financing volume equivalent to €14.0 billion (2023: €10.4 billion) were carried out during the reporting period. The ABS transactions were conducted in Germany, the United States, Great Britain, China, Australia, Japan, Canada and Italy and include both new and extended financing transactions.

Bank credit was also another important source of refinancing in 2024. These loans were provided by globally active banks as well as by banks operating nationally.

In June 2024, the **syndicated credit line** of €11 billion was renewed in the same amount with a consortium of banks. The syndicated credit line had not been utilized as of the reporting date.

At 31 December 2024, the total of financing liabilities shown in the Consolidated Statement of Financial Position amounted to €112.8 billion (2023: €109.4 billion). Those are mainly denominated in the following currencies: 39% in euros, 32% in US dollars and 10% in Chinese renminbi.

The carrying amounts of the main **refinancing instruments** and the volume-weighted average interest rates are shown in the following table.

Refinancing instruments

	Average interest rates		Carrying amounts	
		31 December		31 December
	2024	2023	**2024**	2023 (adjusted)
		In %		In millions of euros
Notes/bonds and liabilities from ABS transactions[1]	**3.70**	3.46	**81,085**	71,807
Liabilities to financial institutions[1]	**5.05**	4.57	**26,315**	25,473
Deposits in the direct banking business[1]	**4.15**	2.19	**1,557**	5,773

1 The presentation of financing liabilities has been adjusted (see Note 1 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements).

Detailed information on the amounts and terms of the main items of financing liabilities is provided in Note 25 and Note 33 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements. Note 33 of the Notes to the Consolidated Financial Statements also provides information on the maturities of the other financial liabilities.

Credit ratings

In the year 2024, the **credit rating** of Mercedes-Benz Group AG remained unchanged with all the agencies we have engaged to provide ratings as of 31 December 2024. In the course of the year, S&P Global Ratings (S&P), Moody's Ratings (Moody's) and Morningstar DBRS (DBRS) confirmed their long-term and short-term credit ratings for the Group. At the end of 2024, therefore, the outlook for Mercedes-Benz Group was assessed as "stable" by the three agencies.

The Group's strong single A rating once again supported our refinancing on the international money and capital markets.

Credit ratings

	End of 2024	End of 2023
Long-term credit rating		
S&P	**A**	A
Moody's	**A2**	A2
DBRS	**A**	A
Short-term credit rating		
S&P	**A-1**	A-1
Moody's	**P-1**	P-1
DBRS	**R-1 (low)**	R-1 (low)

For the **ESG rating,** agencies such as Morgan Stanley Capital International (MSCI ESG), Sustainalytics, Institutional Shareholder Services (ISS ESG) and CDP (formerly Carbon Disclosure Project) in particular are important players on the capital market and serve as an additional decision-making aid for financial institutions in the sustainability-oriented investment process.

The ESG rating agencies MSCI ESG, Sustainalytics and ISS ESG rank the Mercedes-Benz Group among the top companies rated in the automotive sector. In the reporting year, the Mercedes-Benz Group was once again given a low-risk rating by Sustainalytics and an A-rating by MSCI ESG. The Mercedes-Benz Group received a C+-rating with prime status from ISS ESG. Additionally, the Mercedes-Benz Group once again participated in the CDP Climate Questionnaire and the CDP Water Questionnaire during the reporting year.

Financial position

At €265.0 billion, the Group's **balance sheet total** was at the same level as in the previous year (2023: €263.0 billion); the exchange-rate effects amounted to €3.7 billion.

Condensed Consolidated Statement of Financial Position

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
		31 December		31 December		31 December
	2024	2023 (adjusted)	**2024**	2023	**2024**	2023 (adjusted)
In millions of euros						
Assets						
Intangible assets	**19,436**	17,593	**18,877**	17,022	**559**	571
Property, plant and equipment including right-of-use assets	**26,537**	26,090	**26,210**	25,797	**327**	293
Equipment on operating leases	**45,220**	41,712	**14,698**	14,445	**30,522**	27,267
Receivables from financial services[1]	**87,867**	89,019	**-119**	-81	**87,986**	89,100
Equity-method investments	**12,786**	13,104	**12,461**	12,896	**325**	208
Inventories[1]	**26,234**	26,486	**25,786**	26,126	**448**	360
Trade receivables	**6,973**	7,281	**6,418**	6,585	**555**	696
Cash and cash equivalents	**14,511**	15,962	**11,524**	13,107	**2,987**	2,855
Marketable debt securities and similar investments	**7,730**	6,858	**6,874**	5,948	**856**	910
Other financial assets	**5,888**	7,939	**-10,436**	-5,680	**16,324**	13,619
Other assets	**11,668**	10,183	**3,393**	1,005	**8,275**	9,178
Assets held for sale	**160**	795	**73**	795	**87**	–
Total assets	**265,010**	263,022	**115,759**	117,965	**149,251**	145,057

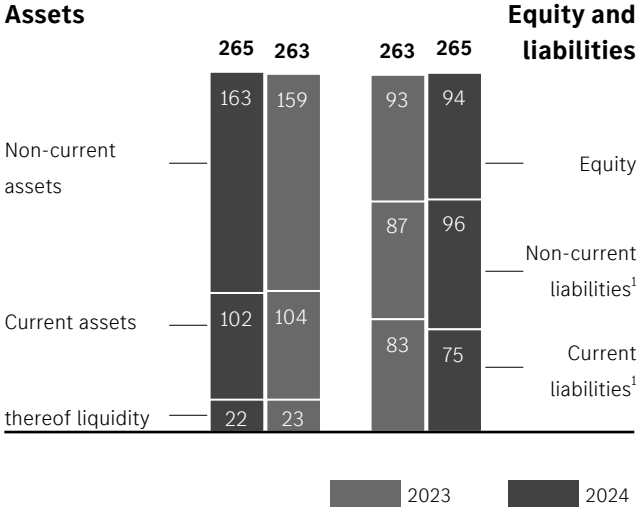
1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
		31 December		31 December		31 December
	2024	2023 (adjusted)	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)
In millions of euros						
Equity and liabilities						
Equity	**93,630**	92,816	**80,268**	79,802	**13,362**	13,014
Provisions	**15,972**	16,390	**15,218**	15,565	**754**	825
Financing liabilities[1]	**112,798**	109,431	**-13,399**	-12,985	**126,197**	122,416
Trade payables[1]	**11,312**	12,705	**10,104**	11,502	**1,208**	1,203
Other financial liabilities[1]	**5,561**	5,999	**3,053**	3,230	**2,508**	2,769
Contract and refund liabilities	**11,246**	10,391	**10,935**	10,084	**311**	307
Other liabilities[1]	**14,445**	15,066	**9,599**	10,543	**4,846**	4,523
Liabilities held for sale	**46**	224	**-19**	224	**65**	–
Total equity and liabilities	**265,010**	263,022	**115,759**	117,965	**149,251**	145,057

1 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.

Current assets accounted for 38% of the balance sheet total, which is slightly below the prior-year level of 40%. Current liabilities accounted for 28% of the balance sheet total, which is below the prior-year level of 32%.

Balance sheet structure Mercedes-Benz Group
In billions of euros



1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.

Before eliminations between segments, Mercedes-Benz Mobility accounted for €149.3 billion (2023: €145.1 billion) of the balance sheet total. Intra-Group eliminations between the industrial business and Mercedes-Benz Mobility regarding the balance sheet are allocated to the industrial business. The reported size of the industrial business is determined by generally subtracting the unconsolidated balance sheet total of Mercedes-Benz Mobility from the consolidated balance sheet total of the Group. Consequently, intra-Group matters relating to the relationship between the industrial business and Mercedes-Benz Mobility are generally allocated to Mercedes-Benz Mobility and included in its balance sheet. This method of presentation reduces the balance sheet total of the industrial business. Hence the share of Mercedes-Benz Mobility's balance sheet total in the Consolidated Statement of Financial Position is shown as being higher than would be the case if Mercedes-Benz Mobility were presented on a consolidated basis.

Assets

The **intangible assets** of €19.4 billion (2023: €17.6 billion) particularly include €17.2 billion of capitalized development costs (2023: €15.1 billion). Of the development costs, a share of €15.6 billion (2023: €14.0 billion) was attributable to the Mercedes-Benz Cars segment and €1.6 billion (2023: €1.1 billion) to the Mercedes-Benz Vans segment. Development costs capitalized in the reporting year amounted to €4.1 billion (2023: €3.8 billion) and represent 43% (2023: 38%) of the Group's total research and development expenditure. The increase in capitalized development costs is mainly attributable to development work for the platform generations geared towards electric mobility.

Property, plant and equipment of €26.5 billion (2023: €26.1 billion) were at the prior-year level.

Equipment on operating leases and **receivables from financial services** rose to a total of €133.1 billion (2023: €130.7 billion) as a result of the increase in the operating lease portfolio, particularly in the United States and Europe, which overcompensated for the decrease in the finance lease portfolio mainly in China. Adjusted for currency translation effects, there was a decrease of €0.3 billion. At 50%, the leasing and sales-financing business as a proportion of balance sheet total was at the prior year level.

Equity-method investments decreased to €12.8 billion (2023: €13.1 billion). Investments accounted for using the equity method comprise in particular the carrying amounts of our investments in Daimler Truck Holding AG and Beijing Benz Automotive Co., Ltd.

Inventories decreased from €26.5 billion to €26.2 billion. The share of balance sheet total remains at the prior year level of 10%. The decrease of €0.3 billion relates mainly to finished goods, spare parts and products held for resale.

At €7.0 billion, **trade receivables** were slightly lower than the prior-year-figure of €7.3 billion.

Compared to 31 December 2023, **cash and cash equivalents** decreased by €1.5 billion to €14.5 billion.

Marketable debt securities and similar investments increased compared with 31 December 2023 from €6.9 billion to €7.7 billion as part of the liquidity management. Those assets include the debt instruments that are allocated to liquidity, most of which are traded in active markets. They generally have an external rating of A or better.

Compared to 31 December 2023, **other financial assets** consisting mainly of derivative financial instruments, equity and debt instruments, shares in non-consolidated subsidiaries, and loans and other receivables from third parties, decreased from €7.9 billion to €5.9 billion. The decrease is mainly due to the reduction in the positive market values of derivative financial instruments.

The **other assets** increased to €11.7 billion (2023: €10.2 billion) particularly due to the positive development of assets from defined benefit pension plans. Further other assets include deferred taxes and tax refund claims.

The **assets held for sale** of €0.2 billion relate to the retail activities in Poland as part of the disposal of sales companies and retail activities in other European countries as well as the planned disposal of the financing portfolio in Austria.

Equity and liabilities

Compared to 31 December 2023, the Group's **equity** increased from €92.8 billion to €93.6 billion. The share of balance sheet total remains at the prior year level of 35%. The slight increase in equity was due to the positive Group result, while opposing effects arose from the dividend of €5.5 billion paid to the shareholders of Mercedes-Benz Group AG and the acquisition of treasury shares of €4.7 billion as part of the share buyback programmes. The shares repurchased in 2024 and 2023 were cancelled at the end of the reporting year. Equity attributable to the shareholders of Mercedes-Benz Group AG increased accordingly to €92.6 billion (2023: €91.8 billion).

The Group's **equity ratio** of 33.8% was slightly above the prior-year level of 33.2%; the equity ratio for the industrial business was 65.8% (2023: 63.0%). It is necessary to take into account the fact that the equity ratios at the end of 2023 and 2024 have been adjusted for the paid and proposed dividend payments respectively.

Provisions decreased slightly to €16.0 billion from the previous year (2023: €16.4 billion). At 6%, they remained at the prior-year level of the balance sheet total.

Financing liabilities of €112.8 billion were above the €109.4 billion of the previous year. Of the financing liabilities, 56% relate to bonds, 23% were liabilities to financial institutions, 16% liabilities from ABS transactions and 1% were deposits in the direct banking business. The increase is mainly due to increased bond volumes and ABS transactions in North America. This was offset by a decline in deposits from the direct banking business in connection with the discontinuation of the retail deposit business with private customers by the end of 2024. The financing liabilities available on 31 December 2024 relate primarily to the refinancing requirements of the leasing and sales-financing business.

Trade payables decreased compared to 31 December 2023 from €12.7 billion to €11.3 billion.

Other financial liabilities amounted to €5.6 billion (2023: €6.0 billion). They mainly comprise liabilities from residual-value guarantees, from payroll accounting, from derivative financial instruments and deposits received. The decrease in other financial liabilities is mainly attributable to lower liabilities from derivative financial instruments, the carrying amount of which declined due to interest and exchange-rate developments.

The **contract and refund liabilities** of €11.2 billion were above the €10.4 billion of the previous year. They include in particular obligations from sales transactions that are within the scope of IFRS 15 as well as deferred revenue from service and maintenance contracts and extended warranties. The increase is mainly due to obligations from sales transactions.

Other liabilities of €14.4 billion (2023: €15.1 billion) primarily include deferred taxes, tax liabilities and prepaid expenses. The decrease was primarily attributable to lower income tax liabilities.

Further information on the assets presented in the statement of financial position and on the Group's equity and liabilities is provided in the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, and the related notes of the Consolidated Financial Statements.

Net assets

The following table shows the derivation of net assets for the segments Mercedes-Benz Cars and Mercedes-Benz Vans. They relate to the operating assets and liabilities for which the automotive segments are responsible.

Derivation of net assets of the automotive segments

	Mercedes-Benz Cars		**Mercedes-Benz Vans**	
		31 December		31 December
	2024	2023 (adjusted)	**2024**	2023
In millions of euros				
Intangible assets, mainly development costs	**17,048**	15,537	**1,823**	1,476
Property, plant and equipment including right-of-use assets	**23,849**	23,894	**2,332**	1,907
Inventories	**22,836**	23,226	**2,981**	3,011
Trade receivables	**5,382**	5,504	**1,030**	1,080
Other segment assets	**23,250**	25,274	**3,244**	3,012
Segment assets	**92,365**	93,435	**11,410**	10,486
thereof assets held for sale	**52**	657	**15**	98
Trade payables[1]	**8,848**	10,124	**1,260**	1,379
Other segment liabilities[1]	**42,136**	41,544	**8,542**	7,853
Segment liabilities	**50,984**	51,668	**9,802**	9,232
thereof liabilities held for sale	**17**	102	**3**	18
Net assets	**41,381**	41,767	**1,608**	1,254

1 For a more suitable presentation, reclassifications have been carried out between the balance sheet. The reclassifications are described in Note 1 of the Consolidated Financial Statements in the chapter Notes to the Consolidated Financial Statements.

Mercedes-Benz Group AG (condensed version in accordance with the German Commercial Code)

In addition to reporting on the Mercedes-Benz Group, the Annual Financial Statements of Mercedes-Benz Group AG for 2024 are explained below.

The Annual Financial Statements of Mercedes-Benz Group AG are compiled in accordance with the provisions of the German Commercial Code (HGB) and the provisions of the German Stock Corporation Act (AktG). The Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). This results in some differences with regard to recognition and measurement methods, primarily in connection with provisions, financial instruments, the leasing business and deferred taxes.

The Annual Financial Statements of Mercedes-Benz Group AG, for which PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has issued an unqualified audit opinion, can be viewed on the Mercedes-Benz Group website at group.mercedes-benz.com/investors/reports-news/annual-reports/2024 and will be published in the company register.

The economic situation of Mercedes-Benz Group AG mainly depends on the development of its subsidiaries. Mercedes-Benz Group AG participates in the operating profits and losses of its subsidiaries through dividend distributions and profit-and-loss transfers.

Net profit is the key performance indicator for Mercedes-Benz Group AG.

Profitability

Net profit amounted to €8.6 billion, which was significantly below the figure of €12.1 billion recorded in the previous year. The expectations stated in the Outlook for the previous year could not be achieved. This was due in particular to the financial income/expense, which was significantly worse than expected. Negative developments in unit sales and negative net pricing effects in subsidiaries also resulted in lower earnings than originally expected.

Condensed statement of income of Mercedes-Benz Group AG

In millions of euros	**2024**	2023
Revenue	**1,395**	1,415
Cost of sales	**-1,382**	-1,400
General administrative expenses	**-644**	-779
Other operating income	**68**	20
Operating profit/loss	**-563**	-744
Financial Income	**10,584**	15,630
Income taxes	**-1,449**	-2,788
Net profit	**8,572**	12,098
Transfer to other retained earnings	**-4,286**	-6,049
Cancellation of open deduction of calculated value of treasury shares	**-83**	–
Acquisition and cancellation of treasury shares	**-4,916**	–
Offset against other retained earnings	**4,999**	–
Distributable profit	**4,286**	6,049

Mercedes-Benz Group AG generated **revenue** of €1.4 billion, primarily from the provision of services to companies of the Group (2023: €1.4 billion).

Cost of sales amounted to €1.4 billion (2023: €1.4 billion) and primarily comprises expenses incurred for the services provided to companies of the Group.

General administrative expenses amounted to €0.6 billion (2023: €0.8 billion).

Financial income decreased by €5.0 billion to €10.6 billion. The decrease in the financial income with respect to the previous year is primarily due to lower income from investments in subsidiaries and associated companies. This was the result in particular of lower profit transfers from subsidiaries and lower dividends from associated companies.

The **income tax expense** amounted to €1.4 billion (2023: €2.8 billion). The decrease is due to the decline in taxable operating profit within the tax group.

Financial position

Total assets of €76.1 billion were below the level of the previous year (2023: 80.4 billion).

Condensed statement of financial position of Mercedes-Benz Group AG

	At 31 December	
	2024	2023
In millions of euros		
Assets		
Non-current assets	**39,637**	40,630
Receivables, securities and other assets	**29,719**	32,945
Cash and cash equivalents	**6,552**	6,592
Current assets	**36,271**	39,537
Prepaid expenses	**189**	217
Total assets	**76,097**	80,384
Equity and liabilities		
Share capital	**3,070**	3,070
Calculated value of treasury shares	**–**	-83
Capital reserve	**11,480**	11,480
Retained earnings	**20,956**	21,106
Distributable profit	**4,286**	6,049
Equity	**39,792**	41,622
Provisions for pensions and similar obligations	**256**	330
Other provisions	**1,833**	2,275
Provisions	**2,089**	2,605
Trade payables	**227**	246
Other liabilities	**33,989**	35,904
Liabilities	**34,216**	36,150
Deferred income	**–**	7
Total equity and liabilities	**76,097**	80,384

Non-current assets decreased by €1.0 billion to €39.6 billion over the course of the year as a result of the decline in financial assets.

Receivables, securities and other assets decreased compared with 31 December 2023 by €3.2 billion to €29.7 billion. This is the result of the decrease in receivables from subsidiaries of €4.4 billion, which in turn was caused by lower receivables from profit transfers. In contrast, the other assets increased by €1.2 billion, in particular by taking up fixed-term deposits of €0.8 billion.

Equity decreased by €1.8 billion to €39.8 billion in the reporting year. This decrease was a result of the dividend payment of €5.5 billion to the shareholders of Mercedes-Benz Group AG and the share buyback programmes finalized in the fiscal year. The purchase price of the treasury shares acquired as part of the share buyback programmes of €6.8 billion (thereof in 2023: €1.8 billion) was offset against retained earnings which may be freely disposed of. This also includes the calculated value of the treasury shares acquired in the 2023 financial year of €0.1 billion, which was openly deducted from the share capital as of 31 December 2023. As a result of the cancellation without capital reduction, this open deduction for these shares no longer applies. Disclosures pursuant to Section 160 Subsection 1 No. 2 of the German Stock Corporation Act (AktG) are contained in the Annual Financial Statements of Mercedes-Benz Group AG in accordance with the statutory requirements. After cancellation of treasury shares without capital reduction on

13 December 2024, Mercedes-Benz Group AG no longer holds any treasury shares as of 31 December 2024. Equity, in contrast, increased due to fiscal year's net profit amounting to €8.6 billion, of which €4.3 billion was transferred to retained earnings pursuant to Section 58 Subsection 2 of the German Stock Corporation Act (AktG). The equity ratio as of the balance sheet date was 52.3% (2023: 51.8%).

Provisions decreased by €0.5 billion to €2.1 billion. This was mainly due to the decrease in provisions for contingent losses resulting from derivative financial instruments as well as lower provisions for taxes.

Liabilities decreased by €1.9 billion to €34.2 billion. This change is primarily the result of the redemption of bonds amounting to €1.5 billion and the decrease in liabilities to subsidiaries of €0.5 billion, which in turn was caused by lower intra-Group financial liabilities.

Liquidity and capital resources

The **Statements of Cash Flows** of Mercedes-Benz Group AG according to HGB include the following exceptions, which deviate from DRS 21: dividends from subsidiaries as well as intra-Group offsetting of services from corporate functions are presented in Cash flow from operating activities even when they are offset by means of cash pooling procedures. The same applies to capital increases and capital repayments from subsidiaries being presented in Cash flow from investing activities. An offsetting recognition of cash pooling procedures takes place in Cash flow from financing activities.

Cash and cash equivalents remained unchanged year-on-prior year at €6.6 billion and were influenced by the following developments:

Cash flow from operating activities resulted in a net cash outflow of €0.0 billion in the reporting year (2023: €0.7 billion). The cash outflow was particularly caused by income tax payments and was almost compensated for by dividends from subsidiaries and associated companies. The lower cash outflow compared to the previous year can be attributed to lower tax payments.

Cash flow from investing activities resulted in a cash outflow of €0.4 billion in 2024 (2023: €0.1 billion). The change is explained by the purchase and sale of securities and fixed-term deposits under liquidity management resulting in a cash outflow of €1.1 billion (2023: Net inflow of €0.1 billion). In contrast, higher cash inflows from repayments of equity and sales of subsidiaries and associated companies arose in the reporting year.

Cash flow from financing activities showed a cash inflow of €0.4 billion in the reporting period (2023: cash outflow of €0.1 billion). The cash inflow resulted from the payments of subsidiaries under central financial and liquidity management. In the opposite direction, cash outflows from share repurchases and from redemption of external financing liabilities increased compared to the previous year. The cash flow from financing activities includes the dividend payment to the shareholders of Mercedes-Benz Group AG in the amount of €5.5 billion.

Outlook

The financial position, cash flows and profitability of Mercedes-Benz Group AG depend on the business development and the performance of its operating subsidiaries, in whose development it participates through profit-and-loss transfer agreements and dividend distributions.

Due to the interrelations between Mercedes-Benz Group AG and the companies of the Group, the statements in the chapter Outlook also reflect our expectations for the parent company.

For 2025, Mercedes-Benz Group AG expects a net profit that is slightly below the level of the reporting year. This is mainly due to an expected lower financial income.

Risks and opportunities

The business development of Mercedes-Benz Group AG mainly depends on the development of its worldwide subsidiaries and is therefore – through the profit and loss contributions from subsidiaries and associated companies – fundamentally subject to the same risks and opportunities as is the business development of the Group.

Mercedes-Benz Group AG generally participates in the risks of its subsidiaries and associated companies in line with the percentage of its respective equity interest. The Group's risks and opportunities are described in the Risk and Opportunity Report.

Risks may additionally arise from relations with subsidiaries and associated companies in connection with statutory or contractual liability obligations (in particular with regard to financing), from impairments of financial assets and from impairments of financial receivables from subsidiaries and associated companies.

Overall Assessment of the Financial Year

Mercedes-Benz Group
The profitability, liquidity and capital resources, and financial position of the Mercedes-Benz Group in 2024 were influenced by a subdued macroeconomic environment and tough competition. The forecast revenue, which had been expected to be at the previous year's level at the beginning of the year, was adjusted during the year and was slightly below the prior-year figure at the end of the year.

In the past year, the Group achieved an EBIT that was significantly lower than in the previous year. At the beginning of the year, an EBIT slightly below the previous year's level was expected. The negative net pricing effects and the slight decrease in sales in conjunction with the unfavourable product and market mix influenced this development and had already led to an adjustment of the forecast during the year.

As expected, the free cash flow of the industrial business in 2024 was slightly below the very high prior-year figure.

Mercedes-Benz Cars
Despite improved product availability, the weaker overall economic conditions and intense competition had a negative impact, so that unit sales and revenue were slightly below the previous year's level. At the beginning of the year, unit sales and revenue were still forecast to be at the previous year's level.

Unit sales of electrified vehicles fell to a share of 18.5%, particularly as a result of the highly competitive market environment. At the beginning of the year, a share of electrified vehicles of between 19 and 21% was expected.

At the beginning of the year, the segment had expected an adjusted return on sales of between 10 and 12%. The deteriorating macroeconomic environment, particularly in China, in the second half of the year, led to an adjusted return on sales of 8.1%. This confirmed the estimate from the third quarter of the year. In the third quarter of 2024, a range between 7.5 and 8.5% was expected.

The adjusted cash conversion rate of 1.0 was within the range forecast at the beginning of the year.

At the beginning of the year, investments in property, plant and equipment were expected to be significantly higher than the previous year's level. Through efficiency measures, investments in property, plant and equipment were maintained at the previous year's level.

Research and development expenditure was also slightly below the previous year's level, mainly due to cost-saving initiatives. At the beginning of the year, research and development expenditure was still forecast to be at the previous year's level.

Mercedes-Benz Vans
Mercedes-Benz Vans can look back on another successful year.

The drop in demand for Mercedes-Benz vans resulted in significantly lower unit sales and revenue slightly below the prior year. Unit sales had already been expected to be slightly below the previous year's level at the start of the year; revenue was expected to be at the same level as the previous year.

At the beginning of the year, a share of electrified vehicles of between 6 and 8% was expected. During the year, the expected share of electrified vehicles was adjusted due to falling demand in Europe and stood at 4.8% worldwide at the end of the year.

At the beginning of the year, an adjusted return on sales of between 12 and 14% was expected. Thanks to a convincing product substance, stable pricing, a very advantageous product mix, comprehensive initiatives to reduce costs, and an increase in productivity, an adjusted return on sales of 14.6% was achieved. This was within the range of 14 to 15% that had already been increased during the year. This underlines the strategy of focusing on profitable growth in the premium segment.

The adjusted cash conversion rate was also at 1.0, mainly due to a positive development in working capital. This put it within the range of 0.8 to 1.0, which had already been raised during the year.

As expected, investments in property, plant and equipment and research and development expenditure were significantly above the previous year due to investments in the new Van Architecture.

Mercedes-Benz Mobility
In a challenging market environment, Mercedes-Benz Mobility closed 2024 with an adjusted return on equity of 8.7%. Influenced by a lower interest margin as a result of interest rate developments and increased competition in the financial services sector as well as increased credit risk costs, the result was below the original forecast, but within the range of 8.5% to 9.5% adjusted during the year.

New business at Mercedes-Benz Mobility remained slightly below the previous year's level. The original forecast of a slight increase in new business could not be met in view of developments on the sales side and the increased competition in China.

At the beginning of the year, the contract volume was expected to be at the previous year's level. Due to positive exchange rate effects, the value was slightly above the previous year's level.

As forecast, revenue at the end of 2024 was at the previous year's level.

Comparison between the figures forecast for 2024 and their actual development

	Forecast for 2024	In-year adjustments	Actual development 2024		
Mercedes-Benz Group					
Revenue	At the prior-year level	Q3: Slightly below the prior-year level	**€145,594 million**	**-4%**	**Slightly below the prior-year level**
EBIT	Slightly below the prior-year level	Q3: Significantly below the prior-year level	**€13,599 million**	**-31%**	**Significantly below the prior-year level**
Free cash flow of the industrial business	Slightly below the prior-year level	Q3: Significantly below the prior-year level	**€9,152 million**	**-19%**	**Slightly below the prior-year level**
Mercedes-Benz Cars					
Unit sales	At the prior-year level	Q3: Slightly below the prior-year level	**1,983,403 vehicles**	**-3%**	**Slightly below the prior-year level**
Share of electrified vehicles (xEV)	19–21%	Q2: 19–20% Q3: 18–19%	**18.5%**		
Revenue	At the prior-year level	Q3: Slightly below the prior-year level	**€107,761 million**	**-4%**	**Slightly below the prior-year level**
Adjusted return on sales	10–12%	Q2: 10–11% Q3: 7.5–8.5%	**8.1%**		
Adjusted cash conversion rate	0.8–1.0		**1.0**		
Investments in property, plant and equipment	Significantly above the prior-year level		**3,392 million**	**+1%**	**At the prior-year level**
Research and development expenditure	At the prior-year level		**8,744 million**	**-4%**	**Slightly below the prior-year level**
Mercedes-Benz Vans					
Unit sales	Slightly below the prior-year level		**405,610 vehicles**	**-9%**	**Significantly below the prior-year level**
Share of electrified vehicles (xEV)	6–8%	Q2: 5–7% Q3: 4–5%	**4.8%**		
Revenue	At the prior-year level	Q3: Slightly below the prior-year level	**€19,320 million**	**-5%**	**Slightly below the prior-year level**
Adjusted return on sales	12–14%	Q2: 14–15%	**14.6%**		
Adjusted cash conversion rate	0.6–0.8	Q3: 0.8–1.0	**1.0**		
Investments in property, plant and equipment	Significantly above the prior-year level		**571 million**	**+63%**	**Significantly above the prior-year level**
Research and development expenditure	Significantly above the prior-year level		**1,012 million**	**+16%**	**Significantly above the prior-year level**
Mercedes-Benz Mobility					
New business	Slightly above the prior-year level	Q1: At the prior-year level Q2: Slightly below the prior-year level	**59,486 million**	**-4%**	**Slightly below the prior-year level**
Contract volume	At the prior-year level		**138,095 million**	**+2%**	**Slightly above the prior-year level**
Revenue	At the prior-year level		**€25,083 million**	**-2%**	**At the prior-year level**
Adjusted return on equity	10–12%	Q2: 8,5–9,5%	**8.7%**		

Takeover-Relevant Information and Explanation

Report pursuant to Section 315a and Section 289a of the German Commercial Code (HGB)

Composition of share capital
The issued share capital of Mercedes-Benz Group AG amounted to approximately €3,070 million as of 31 December 2024. It is divided into 962,903,703 registered no-par-value shares, each of which computationally accounts for approximately €3,19 of the share capital. Pursuant to Section 67 Subsection 2 of the German Stock Corporation Act (AktG), rights and duties relating to the Company exist from the shares only for those persons and entities entered in the register of shareholders. With the exception of treasury shares, from which the Company does not have any rights, all shares confer equal rights to their holders.

The rights and obligations arising from the shares are derived from the provisions of applicable law, in particular Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act (AktG). Each share of Mercedes-Benz Group AG confers the right to one vote and, if applicable, with the exception of any new shares potentially not entitled to dividends, to an equal portion of the profits in accordance with the dividend payout approved by the Annual General Meeting. The only exceptions here are the treasury shares held by the company. There were no treasury shares held by the company at 31 December 2024.

Restrictions on voting rights and on the transfer of shares
The Company does not have any voting rights or other rights from treasury shares. In the cases described in Section 136 of the German Stock Corporation Act (AktG), the voting rights are excluded by law.

Shares of Mercedes-Benz Group AG acquired by employees under the employee share programme are subject to a lock-up period until the end of the second year following the year of acquisition. Eligible participants in the Performance Phantom Share Plans (PPSPs) of Executive Level 1 and eligible members of the Board of Management are obliged by the Plans' terms and conditions and by the Stock Ownership Guidelines to acquire the Company's shares with a part of their Plan income or out of their own funds up to a defined target volume. Eligible participants from Executive Level 1 are obliged to hold these shares for the duration of their employment at the Group. For eligible members of the Board of Management, the required retention period has been extended to two years after the end of their contract (with effect from 1 January 2023).

Provisions of applicable law and of the articles of association concerning the appointment and dismissal of members of the Board of Management and amendments to the articles of association
Members of the Board of Management are appointed and dismissed on the basis of Sections 84 and 85 of the German Stock Corporation Act (AktG) and Section 31 of the German Codetermination Act (MitbestG). In accordance with Section 84 of the German Stock Corporation Act (AktG), the members of the Board of Management are appointed by the Supervisory Board for a maximum period of office of five years. The rules of procedure of the Supervisory Board stipulate that the initial appointment of members of the Board of Management is generally limited to three years. Reappointment or the extension of a period of office is permissible, in each case for a maximum of five years. In 2022, the Supervisory Board also adopted a flexibly structured further shortening of the appointment period in the case of appointments and reappointments of individuals 58 years of age and older at the time their term of office begins.

Pursuant to Section 31 of the German Codetermination Act (MitbestG), the Supervisory Board appoints the members of the Board of Management with a majority comprising at least two thirds of its members' votes. If no such majority is obtained, the Mediation Committee of the Supervisory Board has to make a suggestion for the appointment within one month of the vote by the Supervisory Board in which the required majority was not reached. The Supervisory Board then appoints the members of the Board of Management with a majority of its own members' votes. If no such majority is obtained, voting is repeated and the Chair of the Supervisory Board then has two votes. The same procedure applies for dismissals of members of the Board of Management.

In accordance with Article 5 of the articles of association, the Board of Management has at least two members. The number of members is decided by the Supervisory Board. Pursuant to Section 84 Subsection 2 of the German Stock Corporation Act (AktG), the Supervisory Board can appoint a member of the Board of Management as the Chairperson of the Board of Management. If a required member of the Board of Management is lacking, an affected party can apply in urgent cases for that member to be appointed by the court pursuant to Section 85 Subsection 1 of the German Stock Corporation Act (AktG). Pursuant to Section 84 Subsection 4 of the German Stock Corporation Act (AktG), the Supervisory Board can revoke the appointment of a member of the Board of Management as the Chairperson of the Board of Management if there is an important reason to do so.

Pursuant to Section 179 of the German Stock Corporation Act (AktG), amendments to the articles of association require a resolution of the General Meeting and, in accordance with Section 181 Subsection 3 of the German Stock Corporation Act (AktG), such changes take effect upon being entered in the commercial register.

Amendments to the articles of association that only affect the wording can be decided upon by the Supervisory Board in accordance with Article 7 Subsection 2 of the articles of association. The General Meeting has also passed resolutions expressly authorizing the Supervisory Board to amend the wording of the articles of association in accordance with the use of the Approved Capital 2023 and the Conditional Capital 2020, as well as subsequent to the expiration of the authorization, use, and conversion/option periods in each case.

Unless otherwise required by applicable law or the articles of association, resolutions of the General Meeting are passed pursuant to Section 133 of the German Stock Corporation Act (AktG) and pursuant to Article 16 Sentences 1 and 2 of the articles of association with a simple majority of the votes cast and, if required, with a simple majority of the share capital represented. Pursuant to Article 16 Sentence 3 of the articles of association, the dismissal of a shareholder-elected member of the Supervisory Board requires a majority of at least three quarters of the votes cast. Pursuant to Section 179 Subsection 2 of the German Stock Corporation Act (AktG), any amendment to the purpose of the Company requires a three-quarters majority of the share capital represented at the General Meeting; no use is made in the articles of association of the possibility to stipulate a larger majority of the share capital.

Authorization of the Board of Management to issue or buy back shares

The Annual General Meeting held on 3 May 2023 authorized the Board of Management to increase the share capital by up to a total of €1.0 billion in the period until 2 May 2028 with the approval of the Supervisory Board against cash and/or non-cash contributions (Approved Capital 2023). The authorization enables the exclusion of shareholders' subscription rights under certain conditions and within defined limits subject to the consent of the Supervisory Board.

Under these defined conditions, subscription rights can, among others, be excluded in the event of a capital increase against non-cash contributions for the purpose of an acquisition, and in the case of a capital increase against cash contributions if the issue price of new shares is not significantly below the market price at the time of issue.

The total number of shares issued against cash and/or non-cash contributions under this authorization with the exclusion of shareholders' subscription rights may not exceed 10% of the share capital at the time when this authorization takes effect.

This limit is to include shares which (i) are issued or sold during the period of this authorization with the exclusion of subscription rights in direct or analogous

application of Section 186 Subsection 3 Sentence 4 of the German Stock Corporation Act (AktG) and which (ii) are or can or must be issued to service bonds with conversion or option rights or conversion or option obligations, provided that the bonds are issued after this authorization takes effect with the exclusion of shareholders' subscription rights with analogous application of Section 186 Subsection 3 Sentence 4 of the German Stock Corporation Act (AktG).

Approved Capital 2023 was not utilized within the reporting period.

By resolution of the Annual General Meeting on 8 July 2020, the Board of Management was authorized, with the consent of the Supervisory Board, to issue during the period until 7 July 2025 convertible bonds and/or bonds with warrants or a combination of those instruments (commercial paper) in a total nominal amount of up to €10 billion with a maximum term of ten years, and to grant the owners/lenders of those bonds conversion or option rights to new, registered shares of no par value in the Company with a corresponding amount of the share capital of up to €500 million, in accordance with the terms and conditions of those convertible bonds or bonds with warrants. The bonds may be issued in exchange for consideration in cash, but also for consideration in kind, in particular for interests in other companies. The respective terms and conditions may also provide for mandatory conversion or an obligation to exercise the option rights. The bonds can be issued once or several times, wholly or in instalments, or simultaneously in various tranches. They can also be issued by subsidiaries of the Company pursuant to Section 15 ff. of the German Stock Corporation Act (AktG).

Among other things, the Board of Management was also authorized under certain circumstances, within certain limits and with the consent of the Supervisory Board, to exclude shareholders' subscription rights to the bonds. Subscription rights can be excluded under these defined conditions, inter alia when bonds are issued in exchange for non-cash contributions, particularly within the framework of a merger or acquisition and when bonds are issued in exchange for cash contributions if the issue price is not significantly below the theoretical market price of the bonds at the time of the issuance.

Any issuance of bonds with the exclusion of subscription rights may only be carried out under the authorization if the arithmetical proportion of the share capital attributable to the total of the new shares to be issued on the basis of such a bond does not exceed 10% of the share capital at the time when this authorization takes effect or – if this value is lower – at the time when it is exercised. If, during the period of the authorization until it is exercised, use is made of other authorizations to issue or sell shares in the Company or to issue rights enabling or requiring subscription to shares in the Company and subscription rights are excluded, this is to be counted towards the aforementioned 10% limit.

In order to service the debt of the convertible bonds and/or bonds with warrants issued as a result of the authorization, the Annual General Meeting of 8 July 2020 also approved a conditional increase in the share capital of up to €500 million (Conditional Capital 2020).

No use was made of this authorization to issue convertible and/or warrant bonds during the reporting period.

By a further resolution of the General Meeting on 8 July 2020, the Board of Management was authorized, with the consent of the Supervisory Board, to acquire the Company's own shares until 7 July 2025 for all legal purposes in a volume of up to 10% of the share capital at the time of the resolution of the Annual General Meeting or – if this amount is lower – at the time when the authorization is exercised. With the consent of the Supervisory Board, the shares can be used, with the exclusion of shareholders' subscription rights, for, among other things, corporate mergers and acquisitions, or can be sold for cash to third parties at a price that is not significantly below the market price at the time of the sale. The acquired shares can also be used to service debt on convertible bonds and/or bonds with warrants, or can be issued to employees of the Company and employees and members of executive bodies of subsidiaries pursuant to Section 15 ff. of the German Stock Corporation Act (AktG). The Company's own shares can also be cancelled.

During the period of the authorization, the total of the Company's own shares used with the exclusion of shareholders' subscription rights may not exceed 10% of the share capital at the time when the authorization takes effect or – if this amount is lower – at the time when it is exercised. If, during the period of the authorization until it is exercised, use is made of other authorizations to issue or sell shares in the Company or to issue rights enabling or requiring subscription to shares in the Company and subscription rights are excluded, this is to be counted towards the aforementioned 10% limit.

In a volume of up to 5% of the share capital existing at the time of the resolution of the Annual General Meeting, the Board of Management was authorized, with the consent of the Supervisory Board, to acquire the Company's own shares also with the application of derivative financial instruments (put or call options, forwards or a combination of these financial instruments). The terms of the derivatives may not exceed 18 months and must be terminated at the latest on 7 July 2025.

The authorization to buy back shares was used both in the prior year and in the reporting period. In two buyback programmes, the company purchased a total of 106,933,744 treasury shares from March 3, 2023 to August 1, 2024 and from May 10, 2024 to November 29, 2024, corresponding to almost 10% of the share capital. The purchased treasury shares were cancelled on December 13, 2024 without reducing the share capital. It is planned to propose a renewed buyback authorization to the 2025 Annual General Meeting.

Material agreements subject to change of control
Mercedes-Benz Group AG has concluded various material agreements, as listed below, that include clauses regulating the possible event of a change of control, as can occur, among others, as a result of a takeover bid:

- A non-utilized syndicated credit line for a total amount of €11 billion, which the lenders are entitled to terminate if (i) Mercedes-Benz Group AG becomes a subsidiary of another company, or (ii) Mercedes-Benz Group AG becomes controlled either individually or jointly by one or more persons acting together. For the purposes of the syndicated credit line, subsidiary in relation to a company means another company (i) that is controlled directly or indirectly by the first-mentioned company, (ii) of which more than 50% of the subscribed share capital (or other equity) is held directly or indirectly by the first-mentioned company, or (iii) which is a subsidiary of another subsidiary of the first-mentioned company. Control for the purposes of the syndicated credit line means (i) the right to determine the affairs of a company, (ii) the right to control the composition of the managing board or similar bodies, or (iii) the right to control the composition of the Supervisory Board (if elected by the shareholders).
- A master cooperation agreement on wide-ranging strategic cooperation with Renault S.A., Renault-Nissan B.V. and Nissan Motor Co., Ltd., as well as with Mitsubishi Motors Corporation. In the case of a change of control of one of the parties to the agreement, each of the other parties has the right to terminate the agreement. A change of control as defined by the master cooperation agreement occurs if a third party or several third parties acting jointly acquire, legally or economically, directly or indirectly, at least 50% of the voting rights in the company in question or are authorized to appoint a majority of the members of its managing board. Under the master cooperation agreement, several cooperation agreements were concluded between Mercedes-Benz Group AG on the one side and Renault and/or Nissan on the other, which provide for the right of termination for a party to the agreement in the case of a change of control of another party. With the exception of the master cooperation agreement, the aforementioned cooperation agreements were transferred from the former Daimler AG to Mercedes-Benz AG in 2019.
- An agreement with BAIC Motor Co., Ltd. related to a jointly held company for the production and distribution of cars of the Mercedes-Benz brand in China, by which BAIC Motor Co., Ltd. is given the right to terminate the agreement or exercise a put or call option in the case that a third party acquires one third or more of the voting rights in Mercedes-Benz Group AG.

- An agreement between Mercedes-Benz Group AG, BMW AG and Audi AG related to the acquisition of the companies of the HERE Group and the associated establishment of There Holding B.V. In the event of a change of control of one of the parties to the agreement, the agreement obliges the party in question to offer its shares in There Holding B.V. to the other parties to the agreement (shareholders). A change of control of Mercedes-Benz Group AG occurs if one person gains control over Mercedes-Benz Group AG, whereby control is defined as (i) having control of more than 50% of the voting rights, (ii) being able to control more than 50% of the voting rights eligible to vote at the General Meetings on all or nearly all matters, or (iii) the right to determine the majority of the members of the Board of Management or of the Supervisory Board. A change of control also occurs if competitors of the HERE Group or certain possible competitors of the HERE Group in the technology industry acquire a shareholding of at least 25% of Mercedes-Benz Group AG. If none of the other parties acquire these shares, the agreement gives them the right to dissolve There Holding B.V.
- An agreement between Mercedes-Benz Group AG and BMW AG which contains basic provisions for joint ventures between Mercedes-Benz Mobility Services GmbH and group companies of BMW AG in the field of mobility services (one joint venture each in the areas of ride hailing and charging as well as a joint venture that is structured as a holding for the aforementioned joint ventures). A change of control is defined as the acquisition by a third party of more than 50% of the voting rights or shares, or the conclusion of a control agreement over Mercedes-Benz Group AG by a third party. In the event of a change of control, the contract includes mechanisms that can lead to sole ownership by one of the shareholders (shoot-out process).

Outlook

The statements made in the chapter Outlook are based on the Mercedes-Benz Group's planning for 2025, which was approved by the Board of Management with the agreement of the Supervisory Board. This planning is based on the premises set by the company regarding the overall economic conditions and the development of the automotive markets. These are estimates by the Group that are based on analyses by various renowned economic research institutes, international organizations and industry associations, as well as on internal market analyses by the Group's sales companies.

The premises regarding the overall economic conditions and the development of the automotive markets continue to be characterized by exceptional uncertainty. In addition to unexpected macroeconomic developments, geopolitical and trade policy events in particular can create uncertainty and burdens for the global economy and the business development of the Mercedes-Benz Group.

These include the Middle East conflict, the Russia-Ukraine war and possible other regional crises. In addition, the ongoing tensions between the United States and China, a possible deterioration in relations between the EU and China and the future development of the relationship between the EU and the United States pose uncertainties. Trade conflicts and in particular additional tariffs and sanctions could significantly affect global trade flows and corporate activities.

Further disruptions to supply chains and, in particular, availability bottlenecks for critical components remain significant risk factors. Sharply rising energy and raw material prices, higher than expected inflation rates and interest rates, possible distortions in the financial markets and a pronounced weakening of economic activity can also have an impact on the development of the global economy and the automotive markets.

The following outlook is based on the current CO_2 legislation of the European Union.

The risks and opportunities that may arise from deviations from the developments in the global economy and the automotive markets forecast below are described in the Risk and Opportunity Report.

Through the continuous planning process, the Group ensures that opportunities that arise can be exploited and unexpected risks can be responded to accordingly, thus allowing expectations for business performance to be adjusted to the current forecasts regarding the development of the automotive markets.

The world economy and automotive markets

The world economy
For 2025, the Group assumes that global economic growth will be roughly at the same level as the previous year. This applies equally to growth in industrial countries and emerging markets.

In the **Eurozone**, against the backdrop of the ongoing industry recession and a lack of new orders in the manufacturing sector, economic development is expected to remain weak, particularly in the first half of the year. In contrast, the recovery in private consumption should continue in view of rising real incomes. Further interest rate cuts by the European Central Bank over the course of the year should support growth. However, economic output for the year as a whole is likely to be only slightly higher than in the previous year.

In the **United States**, the outlook will be largely determined by the (economic) policy decisions of the new government. Overall, the economy should once again prove to be quite robust, supported by monetary easing in conjunction with an expansive fiscal policy. However, these measures should result in sustained price pressure. For the year as a whole, the Mercedes-Benz Group expects slightly weaker growth for the US economy than in the previous year.

The **Chinese economy** is likely to continue to be held back by continued consolidation in the real estate sector and subdued demand in 2025. However, monetary easing combined with an expansion of fiscal support measures should ensure that growth only weakens slightly year-on-year.

Given these developments, **world economic** growth is again expected to be in the range of 2.5 to 3.0% this year.

Automotive markets
These subdued macroeconomic conditions are likely to continue to dampen growth in the global automotive markets. Accordingly, customer demand in important sales markets is likely to remain rather subdued this year.

Against this background, the global **car market** as well as the major sales markets in Europe, the United States and China are expected to be on the same level as in the previous year. In the Chinese market, particularly in the premium and luxury segment, price competition is likely to be very intense and the sales situation for many foreign competitors is likely to remain tense.

For important **van markets**, the growth outlook for 2025 is rather cautious overall. In Europe, the market segment for mid-size and large vans is likely to remain at the previous year's level. The market volume for the small vans segment in Europe is expected to decline slightly. The US market for large vans is expected to reach the same level as last year. In China, the market segment for mid-size vans should grow significantly thanks to new vehicle models in the market.

Outlook for the key performance indicators

Mercedes-Benz Group
The Mercedes-Benz Group expects the Group's revenue to decrease slightly in 2025, in line with the expectations of the automotive divisions. For the Mercedes-Benz Mobility segment, the Group expects revenue to increase slightly.

In a market environment that remains challenging, the Group expects EBIT to be significantly below the previous year's level based on the development of the segments.

For 2025, the Mercedes-Benz Group assumes that the free cash flow of the industrial business will be significantly below the previous year's level. In addition to the declining EBIT development, the main driver is the planned increase in investments in property, plant and equipment in the automotive segments, which are significantly above the previous year's level.

Mercedes-Benz Cars
In a continuing challenging macroeconomic environment, Mercedes-Benz Cars expects unit sales in 2025 to be slightly below the previous year's level. The share of electrified vehicles (xEV) in total unit sales is expected to increase slightly and range between 20 and 22%.

With falling costs in the supply chains, which are, however, offset by increased depreciation due to product launches and a lower contribution from the cooperation with BBAC, Mercedes-Benz Cars expects an adjusted return on sales of between 6 and 8% based on the forecast sales development. Taking into account potential tariffs between the United States and Europe of up to 10%, the adjusted return on sales without taking mitigating actions into account would be up to 1 percentage point lower than currently expected.

The adjusted cash conversion rate for Mercedes-Benz Cars is expected to be in a range between 0.9 and 1.1 in 2025.

Mercedes-Benz Cars expects a significant increase in investments in property, plant and equipment in 2025. The main drivers are investments in the new vehicle architectures geared towards electromobility as well as in the expansion of digitalization and automated driving. Research and development expenditure in 2025 are expected to be at the same level as the previous year.

Mercedes-Benz Vans
Mercedes-Benz Vans expects unit sales in 2025 to be slightly below the previous year's level due to macroeconomic uncertainties. The share of electrified vehicles (xEV) in total unit sales is expected to increase to 8 to 10%.

Positive effects result from the continued high level of cost discipline, while advance payments for the new Van Architecture as well as expenses for burdens resulting from not fully achieving the CO_2 targets have a negative impact. In total, this results in a planned adjusted return on sales of between 10 and 12%.

The adjusted cash conversion rate for the Mercedes-Benz Vans division is expected to be in a range of 0.5 to 0.7 due to high advance expenditure for the announced new vehicle generation.

As a result, Mercedes-Benz Vans expects a significant increase in investments in property, plant and equipment in 2025. Mercedes-Benz Vans also expects a significant increase in research and development expenditure in 2025. The main topics in research and development are the new vehicle generation, automated driving and digitalization.

Mercedes-Benz Mobility
The adjusted return on equity is expected to be in a range between 8 and 9% in 2025. The forecasted slight decline compared to the prior year is mainly driven by a higher equity base due to investments in the expansion of the charging infrastructure.

Dividend

In line with a sustainable dividend policy, the Mercedes-Benz Group sets the dividend based on a distribution ratio of 40% of the previous year's net profit attributable to Mercedes-Benz Group shareholders. The future free cash flow from the industrial business is also taken into consideration when setting the dividend.

At the Annual General Meeting to take place on 7 May 2025, the Board of Management and the Supervisory Board will propose the payment of a dividend of €4.30 per share entitled to a dividend for the year 2024 (2023: €5.30). This corresponds to a total distribution of €4.1 (2023: €5.5) billion.

Overall statement on future development

In view of the continuing challenging market environment, the company's resilience is to be further strengthened. To this end, the comprehensive "Next Level Performance" programme was launched in 2024, which includes several work packages. On the one hand, the target is to create a uniform and, above all, outstanding customer experience. On the other hand, the global markets are to be opened up even better and the quality of sales increased on the basis of a strong product portfolio. In addition, costs are to be sustainably reduced in the coming years and structures and processes are to be further streamlined. An initiative has also been launched to anchor the will to achieve top performance even more firmly in the corporate culture of the Mercedes-Benz Group.

With the new CLA, a product offensive at Mercedes-Benz Cars will start in 2025. Mercedes-Benz Vans is also continuing to develop its product portfolio and is setting the course for the market launch of the new Van Architecture in 2026. With the MB.OS operating system, the Group is focusing on digitalization and artificial intelligence. Advances in safety and automated driving such as the DRIVE PILOT underline the Group's innovative strength.

By focusing on the upper end of all product categories or segments in which the company is represented and by consistently focusing on profitable growth, the Group expects to successfully master the coming years of transformation.

Outlook for the key performance indicators

	2024 reporting year	**Forecast for 2025**
Mercedes-Benz Group		
Revenue	€145,594 million	**Slightly below the prior-year level**
EBIT	€13,599 million	**Significantly below the prior-year level**
Free cash flow of the industrial business	€9,152 million	**Significantly below the prior-year level**
Mercedes-Benz Cars		
Unit sales	1,983,403 vehicles	**Slightly below the prior-year level**
Share of electrified vehicles (xEV)	18.5%	**20–22%**
Adjusted return on sales	8.1%	**6–8%**
Adjusted cash conversion rate	1.0	**0.9–1.1**
Investments in property, plant and equipment	€3,392 million	**Significantly above the prior-year level**
Research and development expenditure	€8,744 million	**At the prior-year level**
Mercedes-Benz Vans		
Unit sales	405,610 vehicles	**Slightly below the prior-year level**
Share of electrified vehicles (xEV)	4.8%	**8–10%**
Adjusted return on sales	14.6%	**10–12%**
Adjusted cash conversion rate	1.0	**0.5–0.7**
Investments in property, plant and equipment	€571 million	**Significantly above the prior-year level**
Research and development expenditure	€1,012 million	**Significantly above the prior-year level**
Mercedes-Benz Mobility		
Adjusted return on equity	8.7%	**8–9%**

Risk and Opportunity Report

The Mercedes-Benz Group is exposed to a large number of risks that are directly linked with the business activities of Mercedes-Benz Group AG and its subsidiaries or that result from external influences. The Group understands a risk as the danger that events, developments or actions will prevent the Group or one of its segments from achieving its targets. The risks include both monetary and non-monetary risks.

At the same time, it is important to identify opportunities in order to safeguard and enhance the competitiveness of the Mercedes-Benz Group. The Group defines an opportunity as the possibility, due to events, developments or actions, of safeguarding or surpassing the planned targets of the Group or of a segment.

In order to identify business risks and opportunities at an early stage and to assess and manage them actively, a functional risk and opportunity management system is a central element of corporate Governance for the Mercedes-Benz Group. Risks and opportunities are not offset.

Risk and opportunity management system and internal control system

Overview of the control and monitoring system

The Mercedes-Benz Group as a whole pursues the three-line model of the Institute of Internal Auditors (IAA) to ensure an integrated control and monitoring system.

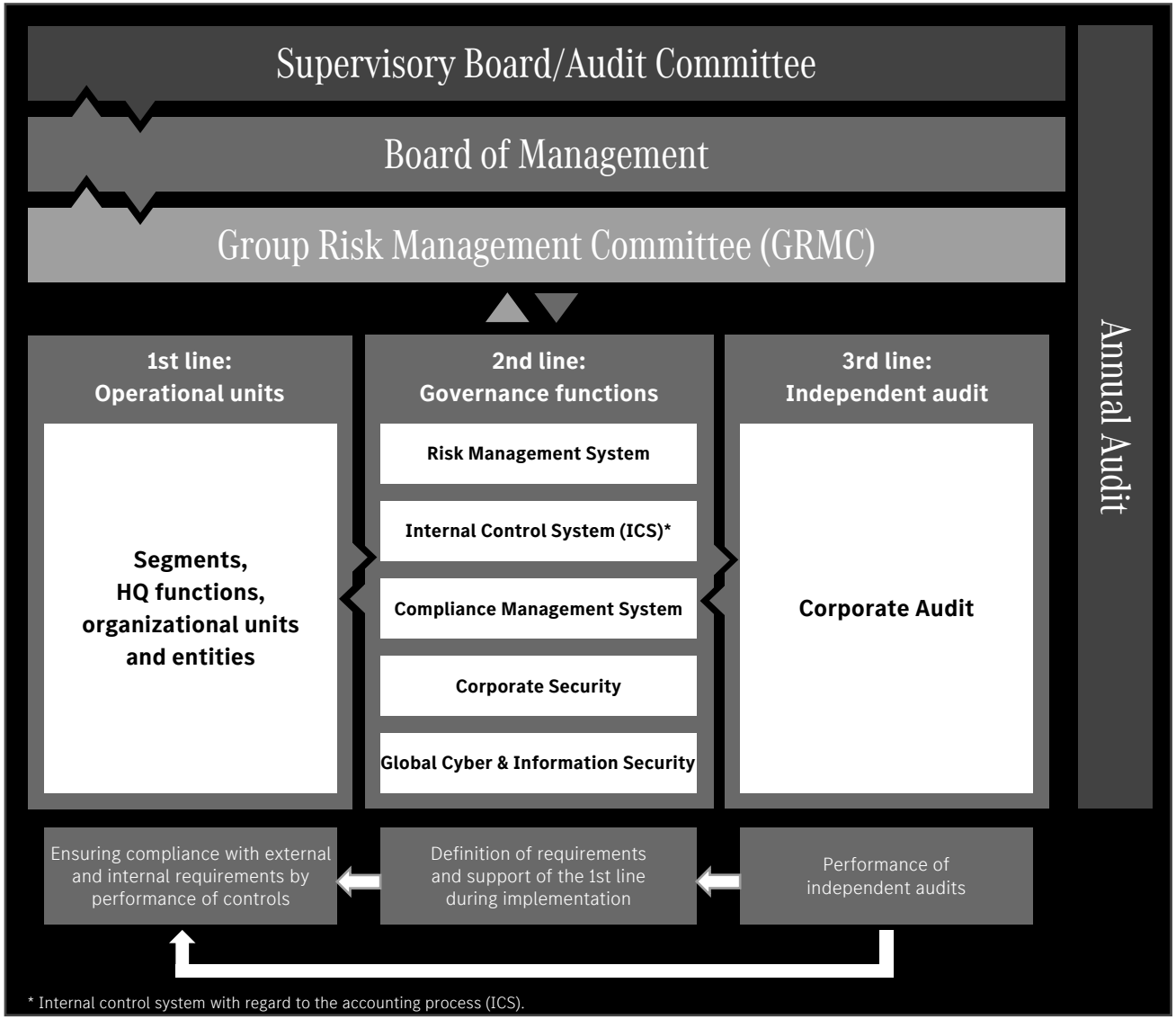
The **operating units** in the form of the individual segments, Group functions, organizational units and Group companies form the first line. Their task is to ensure the implementation of external and internal guidelines, and they are responsible for the implementation of controls, operational risk management and risk management processes in their respective units.

In the second line, the risk management system, the accounting-related internal control system, the Compliance Management System, Group Security and Global Cyber & Information Security act as **governance functions**. They define the corresponding minimum requirements and standards for methods, processes and systems for use in the first line and set the framework for cooperation. Their tasks also include regular reporting to the Board of Management and the Supervisory Board. They also support the first line in the corresponding implementation.

In the third line, **Corporate Audit** monitors the appropriateness and effectiveness of the implemented processes and the governance functions of the first and second lines through independent and risk-oriented audits. It monitors whether the statutory conditions and the Group's internal policies concerning the control and risk management system of the Group are adhered to and the associated processes are appropriately designed. If required, measures are initiated and implemented in cooperation with the respective management and the appropriateness and effectiveness are monitored.

The **Group Risk Management Committee (GRMC)** is responsible for ensuring the continuous improvement of the risk management system and the internal control system (including the Compliance Management System) and their appropriateness and effectiveness with regard to the Group's risk situation and the scope of the business activities. It is chaired by the members of the Board of Management of Mercedes-Benz Group AG responsible for Finance & Controlling/ Mercedes-Benz Mobility and Integrity, Governance & Sustainability. In addition, the GRMC was composed as of 31 December 2024 of representatives from Mercedes-Benz Group Finance, the Legal Affairs department, the Compliance unit, Corporate Security, Global Cyber & Information Security and the member responsible for finance of the Board of Management at Mercedes-Benz Mobility AG. The Corporate Audit department contributes material findings on the internal control and risk management system.

The **Board of Management**, **Audit Committee** and **Supervisory Board** of Mercedes-Benz Group AG are informed regularly and as needed about potential significant control weaknesses, the appropriateness and effectiveness of the implemented controls and the risk situation. The Audit Committee and the Supervisory Board of Mercedes-Benz Group AG are responsible for monitoring the internal control and risk management system, including its appropriateness and effectiveness.



External **auditors** audit the system for the early identification of risks, which is integrated in the risk management system, for its general suitability to identify, assess, manage and monitor risks threatening the existence of the Group. In addition, in the context of the audit of the consolidated financial statements, they report to the Audit Committee and the Supervisory Board of Mercedes-Benz Group AG on any significant weaknesses that have been recognized in the accounting-related internal control and risk management system.

Risk and opportunity management system

The **risk management system** is intended to systematically and continually identify, assess, control, monitor and report on risks threatening the Mercedes-Benz Group's existence and other material risks jeopardizing the Group's success, in order to support the achievement of corporate targets and to enhance risk awareness at the Group.

The **opportunity management system** at the Mercedes-Benz Group is based on the risk management system. The objective of opportunity management is to recognize the possible opportunities arising in business activities resulting from positive developments at an early stage, and to use them in the best possible way for the Group by taking appropriate measures. By taking advantage of opportunities, planned targets should be met or exceeded.

The risk and opportunity management system is based on the internationally recognized COSO-Enterprise-Risk-Management-framework. It is integrated into the value-based management and planning system of the Mercedes-Benz Group and is a fixed component of the overall planning, management and reporting process in the companies, segments and corporate functions.

The responsibility for operational risk management and for the risk management processes is borne by the first line and thus by the segments, corporate functions, organizational units and companies. They report on the specific risks and opportunities to the next-higher level unit on a regular basis. Significant unexpected risks must be reported immediately. Risks and opportunities are managed within the Group by means of measures taken by the units responsible. The profitability of a measure is assessed before its implementation.

The possible impact and probability of occurrence of all risks and opportunities and the related measures that have been initiated are continually monitored. This information is passed on to Group Risk Management for reporting to the Board of Management, the Audit Committee and the Supervisory Board.

As part of the planning process, risks and opportunities are recorded within an observation horizon of generally five years. Matters that have already been fully taken into account in planning or for which a provision has been recognized are not considered in connection with the risk management process. In addition, strategic risks and opportunities are also taken into account in the risk management process.

The Risk and Opportunity Report relates to risks and opportunities that could have a significant influence on the profitability, liquidity and capital resources, and financial position of the Mercedes-Benz Group in the year 2025. The assessment of individual risks and opportunities takes place on the basis of their probability of occurrence and possible impact on the Mercedes-Benz Group. Multiplying the probability of occurrence by the possible impact results in the expected value, which forms the basis for the classification in risk and opportunity categories. In principle, the quantification of risks and opportunities in this report is carried out by summarizing the expected values of the individual risks and opportunities in categories. The assessment of the level of risks and opportunities takes into account both planned and already effective risk-reducing measures (net view) and is considered in relation to EBIT, unless otherwise indicated.

Risk and opportunity management is based on the principle of completeness. This means that all identified risks and opportunities are incorporated into the risk management process via the operating units of the segments as well as the corporate departments. The scope of consolidation for risk and opportunity management generally corresponds to the scope of the Consolidated Financial Statements.

In order to **assess the** Group's **risk-bearing capacity** for the 2025 financial year, the potential effects of the risks on earnings are analysed using a Monte Carlo simulation (confidence level: 99%). The risks are compared with the reported equity of the Mercedes-Benz Group as a risk cover.

In identifying **sustainability-related risks and opportunities**, Mercedes-Benz Group AG is guided by the topics identified by the materiality assessment in the chapter Sustainability Statement in the section Identification of material impacts, risks and opportunities and thus includes the strategic focus areas of sustainability. Sustainability-related risks and opportunities are understood to be conditions, events or developments related to the sustainability dimensions of environment, social and governance, the occurrence of which may have a potential impact on the Mercedes-Benz Group's profitability, liquidity and capital resources, and financial position, as well as on its reputation.

Climate-related risks and opportunities in connection with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) are also identified and assessed as part of the risk management process. Further information can be found in the chapter Sustainability Statement in the section Special considerations for identification of material climate-related impacts, risks and opportunities.

Internal control system

The Mercedes-Benz Group's internal control system encompasses, in addition to the accounting-related internal control system, controls for further business processes. There are also internal controls for Group-wide processes of Corporate Security, Global Cyber & Information Security, and the Group-wide Compliance Management System. Sustainability-related aspects are part of the internal control system (e.g. within the Compliance Management System).

Moreover, an independent and risk-oriented review of the structure and processes of the internal control system is carried out by **Corporate Audit** within the framework of various process audits.

The security risk management of **Corporate Security** is integrated into the internal control system of the Mercedes-Benz Group. The aim is to identify and evaluate security-relevant risks at the company's global locations on the basis of a risk-oriented view and to control them by means of mitigating measures. To this end, Corporate Security implemented internal controls for various security-related issues. These include the areas of property security, fire protection and crisis management and serve to protect the lives and physical integrity of people and to protect company assets, business processes and company knowledge.

The Global Cyber & Information Security division operates an **Information Security Management System (ISMS)** with the aim of adequately protecting important information and critical IT services. The ISMS is based on internationally recognized standards and is continuously developed further. Operationally, the ISMS is supported by proactive and reactive measures. Proactive operational measures include, in particular, training and concepts to inform and raise awareness among employees and functionaries, a comprehensive set of information security rules and technical and organizational measures to secure critical IT infrastructures, IT systems and applications. One focus of the reactive operational measures is the Cyber Intelligence & Response Center, which is staffed around the clock to defend against cyberattacks and deal with cybersecurity incidents.

The **Compliance Management System**, which has an interface to the risk management system, is aligned with the risk situation of the Mercedes-Benz Group and aims to promote rule-compliant behaviour within the company. The Compliance Management System makes a significant contribution to the integration of compliance into our operating business units and their processes. Further information on the Compliance Management System of the Mercedes-Benz Group can be found in the chapter Sustainability Statement.

The **internal control system with regard to the accounting process** has the objective of ensuring the appropriateness and effectiveness of accounting and financial reporting. It is designed in line with the internationally recognized framework for internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Internal Control – Integrated Framework), is continually developed further, and is an integral part of the accounting and financial reporting processes in the segments, corporate functions, organizational units and companies. The system includes principles and procedures as well as preventive and detective controls.

The appropriateness and effectiveness of the internal control system with regard to the accounting process is systematically evaluated. It begins with a risk analysis and a control definition with the aim of identifying significant risks for the accounting and financial reporting processes in the main legal entities and corporate functions. The necessary controls are then defined and documented in accordance with Group-wide guidelines. In order to assess the effectiveness of the controls, tests are carried out regularly on the basis of random samples. These form the basis for a self-assessment of whether the controls are appropriately designed and effective. The results of this self-assessment are documented and reported in a Group-wide IT system. Identified control weaknesses are eliminated, taking into account their potential impact. The selected legal entities and corporate functions confirm the effectiveness of the internal control system with regard to the accounting process at the end of the annual cycle. The Board of Management and the Audit Committee of the Supervisory Board are regularly informed about significant control weaknesses and the effectiveness of the control mechanisms.

Appropriateness and effectiveness of the internal control and risk management system[1]

Continuous monitoring of the processes and systems of the internal control and the risk management system is in effect to resolve identified weaknesses in the financial year and ensure continuous improvement of the processes and systems. As a result of the complex process landscape and the high rate of change of the legal requirements, the maturity of the internal control system with regard to the sustainability-relevant aspects in particular is not yet on the level of the accounting-related internal control system. As of the reporting date, taking into account the scope of the business operations and the risk situation of the company, in all material respects there are no indications of an overall inappropriateness or ineffectiveness of the internal control and risk management system.

The effectiveness of any risk management and control system is subject to inherent limitations. No system – even if it has been assessed as appropriate and effective – can guarantee that all risks that actually occur will be detected in advance or that all process violations will be excluded under all circumstances.

1 The information on the appropriateness and effectiveness of the internal control and risk management system that is not part of the Management Report is information that is not the subject of the audit.

Risks and opportunities

The following section describes risks and opportunities that could have a significant influence on the profitability, liquidity and capital resources, and financial position of the Mercedes-Benz Group in the year 2025. In general, the reporting of risks and opportunities not covered in the Outlook takes place in relation to the individual segments Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility. If no segment is explicitly mentioned, the risks and opportunities described relate to all the segments. Based on the expected value, the reported risks and opportunities per category are aggregated into the levels “low”, “medium” and “high” for the Mercedes-Benz Group. Additional information on risks and opportunities related to sustainability is provided in the Sustainability Statement.

Quantification of the risks and opportunities based on the expected value for each category

Level	Expected value
Low	< €500 million
Medium	≥ €500 million to €1 billion
High	≥ €1 billion

The following table shows the specific classification of the aggregated risks and opportunities in the respective categories based on the above-mentioned interval limits. In addition to the risks and opportunities described below, risks and opportunities that are not yet known or classified as not material can also influence profitability, liquidity and capital resources, and financial position in the future.

Risks and opportunities Mercedes-Benz Group	**Classification of he expected value for the year 2025**		Classification of the expected value for the year 2024	
Category	**Risk**	**Opportunity**	Risk	Opportunity
Industry and business risks and opportunities				
General market risks and opportunities	**High**	**Medium**	High	High
Risks and opportunities relating to the legal and political framework	**High**	**Low**	High	Low
Procurement market risks and opportunities	**High**	**Low**	High	Low
Company-specific risks and opportunities				
Risks and opportunities from research and development	**Medium**	**Low**	Medium	Low
Production risks and opportunities	**Low**	**Low**	Low	Low
Risks and opportunities from purchasing and logistics	**High**	**Low**	High	Low
Information technology risks and opportunities	**Medium**	**Low**	Medium	Low
Personnel risks and opportunities	**Low**	**Low**	Low	Low
Risks and opportunities related to equity investments and cooperations with partnerships	**Medium**	**Low**	Medium	Low
Financial risks and opportunities				
Exchange-rate risks and opportunities	**Low**	**Low**	Low	Low
Interest-rate risks and opportunities	**Low**	**Low**	Low	Low
Credit risks	**Low**	**–**	Low	–
Country risks	**Medium**	**–**	Medium	–
Risks and opportunities from access to capital markets[1]	**Low**	**Low**	Low	–
Risks and opportunities from changes in credit ratings	**Low**	**Low**	Low	Low
Risks and opportunities relating to pension plans	**Medium**	**Medium**	Medium	Medium
Legal and tax risks and opportunities				
Legal risks	**High**	**–**	High	–
Tax risks and opportunities	**Low**	**Low**	Medium	Low

1 Name of the category changed as of 31 December 2024. Previous name: Risks of restricted access to capital markets.

Industry and business risks and opportunities

General market risks and opportunities
The risks and opportunities for the economic development of automotive markets are strongly affected by the cyclical situation of the global economy. The assessment of market risks and opportunities is linked to forecasts about the overall economic conditions and the development of the automotive markets in which the Mercedes-Benz Group is active. These assumptions are described in detail in the chapter Outlook. The possibility of markets developing better or worse than in the internal forecasts and assumptions, or of changing market conditions, generally exists for all segments of the Group.

Possible declines in **vehicle sales** may be caused in particular by a worse-than-expected macroeconomic environment for the Mercedes-Benz Group and in the context of geopolitical, trade policy or economic uncertainties. In addition to weaker economic growth overall, factors such as high energy prices, high inflation and interest rates, and volatile exchange rates may lead to market uncertainty or a loss of purchasing power and have a negative impact on demand in the automotive sector. In addition, the structure of the planned sales programme could develop less favourably than assumed in the forecast.

The market success of alternative drive systems is greatly influenced not only by customer acceptance but also by regional market conditions such as the battery-charging infrastructure, state support and tax conditions. A lower-than-expected market acceptance of electric vehicles can lead to risks in the development of unit sales and have a negative impact on earnings. This could also endanger the achievement of specific CO_2 targets. Industrial policy measures to strengthen local value creation in various countries, as well as government purchase incentives for locally produced electric vehicles, can result in competitive disadvantages and declining vehicle sales in the respective markets. The development of markets, unit sales and inventories are continually analysed and monitored by the automotive segments; if necessary, specific marketing and sales programmes are implemented.

Volatilities with regard to market developments can also lead to the overall market or regional conditions for the automotive industry developing better than assumed in the internal forecasts and premises, thus resulting in business opportunities in the market. Opportunities may also arise from an improvement in the competitive situation or a more positive development of demand. The utilization of opportunities is supported by sales and marketing campaigns. Compared to the prior year, the opportunities have decreased from “high” to “medium” due to the challenging market environment.

The launch of new products by competitors, more aggressive pricing policies and less effective pricing for products can lead to increasing **competitive and price pressure** in the segments and have a negative impact on profitability. According to the situation, product-specific and possibly regionally different measures are taken. Depending on the region and the current market situation, these include continuous market monitoring and, if necessary, pricing strategies or sales promotion measures.

In connection with the sale of vehicles, the Mercedes-Benz Group offers customers a wide range of **financing and leasing options**. The resulting risks for the Mercedes-Benz Mobility segment are mainly due to borrowers’ worsening creditworthiness, so receivables might not be recoverable in whole or in part because of customers’ inability to fulfill their contractual payment obligations (default or credit risk). The Mercedes-Benz Mobility counteracts credit risks by means of creditworthiness checks on the basis of standardized scoring and rating methods, the collateralization of receivables, and effective risk management with a firm focus on monitoring both internal and macroeconomic leading indicators.

One of Mercedes-Benz Mobility's objectives is to minimize risks from maturity mismatches from both an interest and liquidity perspective. This is achieved by matching refinancing to the terms of the financing agreements. Actively managed financing strategies are used to optimize refinancing costs. Opportunities and risks are determined in particular by interest rate developments and their influence on the interest margin.

In connection with leasing agreements, risks and opportunities also arise due to the development of the used vehicle markets. These result when the market value of a leased vehicle at the end of the agreement term differs from the residual value that was originally calculated and forecast on the basis of specific assumptions at the time the agreement was concluded and used as a basis for the leasing instalments. Residual-value management processes have been defined to counteract these risks relating to **vehicles' residual values**. Depending on the region and the current market situation, the measures taken generally include continuous market monitoring as well as, if required, price-setting strategies or sales promotion measures designed to regulate vehicle inventories. The quality of market forecasts is verified by comparisons of internal and external sources, and, if required, the determination of residual values is adjusted and further developed with regard to methods, processes and systems.

Risks and opportunities relating to the legal and political framework

Risks and opportunities from the legal and political framework have a considerable influence on the Mercedes-Benz Group's future business success. Regulations concerning vehicles' emissions, fuel consumption, safety and certification, as well as tariff aspects and taxes in connection with the sale or purchase of vehicles or vehicle parts, play an important role. Geopolitical and trade tensions can also have a significant impact on the business activities of an international company such as the Mercedes-Benz Group.

The Mercedes-Benz Group constantly monitors the development of the legal and political framework and attempts to anticipate foreseeable requirements and long-term objectives at an early stage in the product development process. In particular, changes in the legal and political framework at short notice can be associated with additional costs or higher investments.

Legal limits on the fuel consumption and/or CO_2 emissions of car fleets exist in many markets, although the target values differ from market to market. Non-compliance with regulations applicable in the various markets might result in significant penalties and reputational harm, and might even mean that vehicles with conventional drive systems in particular could not or could no longer be registered in the relevant markets. The Mercedes-Benz Group counteracts this risk through the transformation towards electric mobility and the associated realignment of its product portfolio as well as the use of balancing mechanisms (pooling, credits). In addition, these targets are taken into account in production and sales planning.

Political tensions and the associated danger of **geopolitical conflicts** continue to be high and are associated with far-reaching risks for the business development of the Mercedes-Benz Group. Ongoing tensions between the United States and China, a possible deterioration in relations between the EU and China and the future development of relations between the EU and the United States, the possible further intensification of the conflict in the Middle East and further development of the war between Russia and Ukraine, the flare-up of further regional conflicts and an escalation in the entire South China Sea could lead to renewed problems in supply chains, even higher energy prices, further pressure on inflation rates, additional sanctions and a further deterioration in the growth outlook.

Individual countries may attempt to defend and improve their competitiveness in the world's markets by increasingly resorting to **interventionist and protectionist measures**. In particular, a spiral of tariff increases could pose a risk to the competitiveness of the Mercedes-Benz Group. Furthermore, existing incentives for alternative drive systems may expire and have a negative impact on the earnings of the Mercedes-Benz Group. In order to avoid or reduce these risks, higher localization shares may be necessary in certain countries.

Procurement market risks and opportunities
Risks and opportunities relating to procurement arise for the automotive segments in particular from fluctuations in **prices of commodities, raw materials and energy**.

For 2025, there are still risks from inflation-related increases in raw material and energy prices, which could lead to higher procurement costs. Furthermore, intense competition for specific raw materials in the course of the introduction of new technologies can lead to increasing costs or possible shortages in the supply chain. Raw-material markets can always be impacted by uncertainties and political crises – combined with possible supply bottlenecks – as well as by volatile demand for specific raw materials. Rising raw-material prices may have a negative impact on the profitability of the vehicles sold and thus lead to lower earnings in the respective segment. In order to counteract possible loss of revenue, the Mercedes-Benz Group continuously monitors the development of raw-material and energy prices and is in close touch with suppliers. In addition to active cost management, technical measures are being developed in close cooperation with suppliers in order to continuously optimize product costs.

Company-specific risks and opportunities

Risks and opportunities from research and development
Technical developments and innovations are of key importance for the safe and sustainable mobility of the future. The transformation towards electric mobility and the comprehensive digitalization of vehicles has resulted in ambitious development targets and the market launch of new technologies. In addition to the resulting opportunities, decisions in favour of certain technologies and the continuously growing scope of emission, consumption and safety requirements, e.g. data-security, to be met are associated with risks.

There are risks that vehicles cannot be developed within the planned time frame, in the appropriate quality or at the targeted profitability. This is particularly the case with regard to electric mobility and increasing digitalization as well as software in the vehicle architecture. This could delay the planned market launch of new vehicle models or facelifts. There is also a risk that certain digital functions could be launched on the market later than planned. The Mercedes-Benz Group counters these risks by continuously and systematically monitoring the product development process for all vehicle projects.

In 2020, Mercedes-Benz Group AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements with various US authorities to settle civil and environmental claims regarding emission control systems of certain diesel vehicles, which have taken legal effect. If the obligations from the settlements are not complied with, there will be the risk that cost-intensive measures will have to be taken and/or significant stipulated penalties will become due.

Production risks and opportunities
Due to the increasing technical complexity and the goal of maintaining and constantly enhancing quality standards for the vehicles of the Mercedes-Benz Group, both risks and opportunities can arise in the automotive segments in connection with the launch and manufacture of products. With regard to production capacity utilization, there may be risks due to disruptions in the supply of parts or technical interruptions in the production. The consequences of underutilized production facilities in the automotive segments can lead to inefficient use of resources and higher unit costs. Furthermore, damage to the plant infrastructure caused by extreme weather events or natural disasters can lead to disruptions in production. To reduce related risks, associated processes are continually evaluated and improved.

Warranty and goodwill cases could arise if the quality of the products or the parts installed in the products does not meet requirements despite appropriate quality assurance processes, if regulations are not fully complied with, or if support cannot be provided in the required form in the event of problems and product maintenance. The Mercedes-Benz Group recognizes provisions for warranty and goodwill cases. Nevertheless, it cannot be ruled out that recalls and field measures will lead to additional expenses. Possible claims in connection with such risks are examined and, if necessary, the appropriate service measures are initiated for the affected products.

Risks and opportunities from purchasing and logistics

Possible **interruptions in global supply chains**, especially those caused by bottlenecks for electronic components and other important intermediate goods, can cause bottlenecks at Mercedes-Benz Cars and Mercedes-Benz Vans. Lack of availability and quality problems with certain vehicle parts can lead to production downtimes and cause additional costs that result in negative effects on profitability. Mercedes-Benz Cars and Mercedes-Benz Vans analyse these risks on an ongoing basis. Supplier management is undertaken for the prevention of risks with the aim of ensuring the quantity and quality of the components required to produce the vehicles. In addition, in the aforementioned situations, the Mercedes-Benz Group examines whether claims can be asserted against suppliers.

The risk that suppliers increasingly run into financial difficulties has continued to rise. The reasons for this are the tense economic environment and uncertainties in connection with high commodity, raw-material and energy prices, as well as the lack of availability of supplier parts. As a result, **production stoppages are possible along the entire supply chain** and could prevent vehicles from being completed and delivered to customers on time. Supplier risk management aims to identify potential financial bottlenecks at suppliers at an early stage and to initiate suitable countermeasures in order to avoid supply disruptions.

Due to the **transformation to electric mobility** and the outsourcing of important components, there is also a risk that these will not be available on time in the planned quantity and required quality; this could delay the start of production of new series. Risks may also arise from uncertainties in the planned quantities. This could have negative effects on profitability.

Possible **human rights violations** in increasingly complex supply chains pose a risk for the Mercedes-Benz Group. Certain national laws prohibit the import of goods that are linked to forced labour, for example. Countries with corresponding laws could impose import restrictions or sanctions on companies that are linked to human rights violations within their supply chain. Possible import bans could lead to supply bottlenecks, higher costs and production delays. To counteract this risk, the Mercedes-Benz Group is continuously working to create the greatest possible transparency to protect human rights in the upstream value chain and to implement appropriate preventive measures. The Mercedes-Benz Group has developed a risk-based approach to ensuring human rights due diligence, the Human Rights Respect System (HRRS). Further information can be found in the chapter Sustainability Statement in the section Management IRO's.

The risk that input factors such as certain raw materials, components or technologies can no longer be imported into a country due to **geopolitical tensions** represents an increasing threat to the Mercedes-Benz Group. Such risks are particularly pronounced when global supply chains for these input factors depend on a few key producers. If geopolitical conflicts, sanctions or trade wars destabilize international trade relations, this can lead to significant supply bottlenecks, higher costs and production delays for the Mercedes-Benz Group.

Natural disasters can also have a significant impact on the increasingly complex supply chains by disrupting the delivery of raw materials or intermediate products. The supplier risk management of the Mercedes-Benz Group actively manages this risk through a flexible supply network in order to mitigate supply interruptions as far as possible.

Information technology risks and opportunities[1]

The systematically pursued digitalization strategy enables the Mercedes-Benz Group to utilize new opportunities to increase customer utility and the value of the company. Nonetheless, the high degree of penetration of all business units by information technology (IT) also harbours risks for our business and production processes and the units' products and services. Extensive changes in the existing system landscape, for example the focus on strategic partnerships for the transformation of the IT infrastructure, can also lead to risks.

The ever-growing threat from cybercrime and the spread of aggressive malicious code brings risks that can affect the availability, integrity and confidentiality of information and IT-supported operating resources. Despite extensive precautions, in the worst-case scenario this can lead to a temporary interruption of IT-supported business processes with severe negative effects on the Group's earnings. In addition, the loss or the misuse of sensitive data may lead to a loss of reputation. In particular, stricter regulatory requirements such as the EU General Data Protection Regulation and related legislation may, among other things, give rise to claims by third parties and result in costly regulatory requirements and penalties with an impact on earnings.

Due to the growing requirements concerning the confidentiality, integrity and availability of data, the Mercedes-Benz Group has implemented various preventive and corrective measures so that the related risks are minimized. For example, the Group reduces potential disruptions to operational processes in computer centres by mirroring data, decentralizing data storage, maintaining off-site data backups and configuring IT systems for high availability. Emergency plans are continuously updated and employees are trained and regularly made aware. The internal IT security framework is based on international standards. New regulatory requirements for cybersecurity and cybersecurity management systems are taken into account when further developing internal processes and specifications. Specific threats are analysed and countermeasures are coordinated at a globally active Cyber Intelligence & Response Centre. The protection of products and services against the danger of hacking and cybercrime is continually further developed.

Due to the increasing digitalization and networking of vehicles, there is also a risk that possible vulnerabilities in the vehicle software or in the back end could be exploited. This can subsequently lead to damage or changes to vehicle functionalities and data. To counteract this risk, the Mercedes-Benz Group permanently monitors the threat landscape, identifies possible vulnerabilities and provides over-the-air security updates.

Personnel risks and opportunities

Competition for highly qualified staff in selected job profiles and management is still very intense in the industry and the regions in which the Mercedes-Benz Group operates. The Group's future success also depends on the extent to which it succeeds in recruiting, integrating and retaining specialist employees over the long term. The established human resources instruments take such personnel risks into consideration. One focus of human resources management is the targeted personnel development and further training of the workforce. Among other things, employees benefit from a wide range of training opportunities and the transparency created within the framework of performance management. In order to remain successful as a company, the way we work together and our leadership culture undergo continuous development.

1 This section provides information related to the risk of possible cyberattacks resulting from the increasing digitalization and networking of vehicles that meet disclosure requirements in connection with European Sustainability Reporting Standards (ESRS) (see the chapter Consumers and end-users in the Social information of the Sustainability Statement).

Besides the demographic development, the digital transformation also requires that the company continues to adapt to changes. With regard to technical developments, the Mercedes-Benz Group is taking measures such as securing a qualified next generation of specialists and managers. This requirement is addressed through various measures, including targeted qualification. The Mercedes-Benz Group counters economic, market and competitive fluctuations by means of established time and flexibility instruments in order to react appropriately to the situation.

Risks and opportunities related to equity investments and cooperations with partnerships
Cooperation with partners in shareholdings and partnerships is of key importance to the Mercedes-Benz Group – among other things, in the transformation towards electric mobility, the associated charging infrastructure and comprehensive digitalization. Cooperation and investments also make up an important pillar in connection with the provision of mobility solutions. Especially with new technologies, these shareholdings and partnerships help us utilize synergies and improve cost structures in order to respond successfully to the competitive situation in the automotive industry.

The Mercedes-Benz Group generally participates in the risks and opportunities of shareholdings in line with its equity interest, and is also subject to share-price risks and opportunities if such companies are listed on a stock exchange.

The remeasurement of a holding can lead to risks and opportunities for the segment to which it is allocated. Furthermore, ongoing business activities, especially the integration of employees, technologies and products, can result in risks. In addition, further financial obligations or an additional financing requirement can arise. The shareholdings are subject to a monitoring process so that, if required, decisions can be promptly made on whether or not measures can be taken to support or ensure profitability. The recoverable value of investments in shareholdings is also regularly monitored.

Financial risks and opportunities

Exchange-rate risks and opportunities
The Mercedes-Benz Group's global orientation means that its business operations and financial transactions are connected with risks and opportunities related to fluctuations in currency exchange rates. This applies in particular to fluctuations of the euro against the US dollar, Chinese renminbi, British pound and other currencies such as those of growth markets. An exchange-rate risk or opportunity arises in business operations primarily when revenue is generated in a currency different from that of the related costs (transaction risk). Regularly updated currency risk exposures are successively hedged with suitable financial instruments (predominantly currency forwards) in accordance with exchange-rate expectations, which are continually reviewed, whereby both risks and opportunities are limited. Any over-collateralization caused by changes in exposure is reversed by suitable measures without delay. Exchange-rate risks and opportunities also exist in connection with the translation into euros of the net assets, revenues and expenses of the companies of the Group outside the Eurozone (currency translation risk); these risks are not hedged.

Interest-rate risks and opportunities
Changes in interest rates can create risks and opportunities for business operations as well as for financial transactions. The Mercedes-Benz Group employs a variety of interest rate-sensitive financial instruments to manage the cash requirements of its business operations on a day-to-day basis. Most of these financial instruments are held in connection with the financial services business of Mercedes-Benz Mobility. Interest-rate risks and opportunities arise when fixed-interest periods are not congruent between the asset and liability sides of the balance sheet. By means of refinancing coordinated with the terms of the financing agreements, the risk of maturity mismatch is minimized from both an interest-rate and a liquidity perspective. Remaining interest-rate risks are managed with the use of derivative financial instruments. The funding activities of the industrial business and the financial services business are coordinated at the Group level. Derivative interest-rate instruments such as interest-rate swaps are used to achieve the desired interest-rate maturities and asset/liability structures (asset and liability management).

Credit risks
Credit risk describes the risk of financial loss resulting from a counterparty failing to meet its contractual payment obligations. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks.

The Group is exposed to credit risks which result primarily from its financial services activities and from the operations of its vehicle business. The risks from leasing and sales financing are dealt with in the General market risks and opportunities section.

Credit risks also arise from the Group's liquid assets. Should defaults occur, this would adversely affect the Group's profitability, liquidity and capital resources, and financial position. The limit methodology for liquid funds deposited with financial institutions has been continuously further developed in recent years. In connection with investment decisions, priority is placed on the borrower's very high creditworthiness and on balanced risk diversification. Most liquid assets are held in investments with an external rating of A or better.

Country risks
Country risk describes the risk of financial loss resulting from changes in political, economic, legal or social conditions in the respective country, for example due to sovereign measures such as expropriation or a ban on currency transfers. The Mercedes-Benz Group is exposed to country risks that primarily result from cross-border financing or collateralization for subsidiaries or customers, from investments in subsidiaries and shareholdings, and from cross-border trade receivables. Country risks also arise from cross-border cash deposits at financial institutions. The Group addresses these risks by setting country limits (e.g. for hard-currency portfolios of Mercedes-Benz Mobility companies). The Mercedes-Benz Group also has an internal rating system that divides all countries in which it operates into risk categories.

Risks and opportunities from access to capital markets
Liquidity risks arise when a company is unable to fully meet its financial obligations. In the normal course of business, the Mercedes-Benz Group uses bonds, commercial paper and securitized transactions, as well as bank loans in various currencies, primarily with the aim of refinancing its leasing and sales-financing business. An increase in the cost of refinancing would have a negative impact on the competitiveness and profitability of the financial services business to the extent that the higher refinancing costs cannot be passed on to customers; a limitation of the financial services business would also have negative consequences for the vehicle business. Access to capital markets in individual countries may be limited by government regulations or by a temporary lack of absorption capacity. In addition, pending legal proceedings as well as the Group's own business policy considerations and developments may temporarily prevent the Group from covering any liquidity requirements by means of borrowing in the capital markets. Contractually agreed credit lines are available as refinancing instruments.

Risks and opportunities from changes in credit ratings
Risks and opportunities exist in connection with potential downgrades or upgrades to credit ratings by the rating agencies, and thus to the Mercedes-Benz Group's creditworthiness. Downgrades could have a negative impact on the Group's financing if such a downgrade leads to an increase in the costs for external financing or restricts the Group's ability to obtain financing. A credit rating downgrade could also discourage investors from investing in Mercedes-Benz Group AG or from purchasing bonds issued by Mercedes-Benz Group AG or another company of the Group.

Risks and opportunities relating to pension plans
The companies of the Mercedes-Benz Group grant defined-benefit pension commitments as part of pension plans, which are largely covered by plan assets, as well as healthcare commitments to a small extent. The balance of pension obligations less plan assets constitutes the carrying amount or funded status of those employee benefit plans. The measurement of pension obligations and the calculation of net pension expense are based on certain assumptions. Even small changes in those assumptions, in particular a change in the discount rates or changed inflation assumptions, have a negative or positive effect on funded status and Group equity in the current year, and lead to a change in the periodic net pension expense in the following year. The fair value of plan assets is determined to a large degree by developments in the capital markets. Unfavourable or favourable developments, especially relating to share prices and fixed-interest securities, reduce or increase the carrying value of plan assets. Risk management for the plan assets takes place through broad diversification of investments, the selection of various asset managers on the basis of quantitative and qualitative analyses, and the ongoing monitoring of returns and risks. The structure of pension obligations is taken into consideration during the determination of the investment strategy for the plan assets in order to reduce fluctuations of the funded status.

Legal and tax risks and opportunities

The Group continues to be exposed to legal and tax risks. It recognizes provisions for such risks if and to the extent it is probable that the Group will be held liable and the amount of the obligations can be reasonably estimated.

Legal risks

Regulatory risks
The automotive industry is subject to extensive governmental regulations worldwide. Laws in various jurisdictions govern, among other things, occupant safety and the environmental impact of vehicles, including emissions levels, fuel economy and noise, as well as the emissions of the plants where vehicles or parts thereof are produced. Furthermore, regulation, particularly in the European Union, governs the communication regarding sustainability topics (environmental, social or governance topics), whereby the complexity of such regulation is continuously increasing. The introduction of certain new regulations may be associated with uncertainties relating to their interpretation. In the event that regulations applicable in the different regions are not complied with, this can result in significant penalties, damages claims, reputational harm and/or the exclusion from tenders or, in the case of regulations applicable to vehicles, the inability to certify vehicles in the relevant markets. The cost of compliance with these regulations is considerable, and in this context, the Mercedes-Benz Group continues to expect a significant level of costs.

Risks from legal proceedings in general

Mercedes-Benz Group AG and its subsidiaries are confronted with various legal proceedings and claims as well as governmental investigations and orders (legal proceedings) on a large number of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights (especially patent infringement lawsuits), warranty claims, environmental matters, antitrust matters (including actions for damages) as well as investor litigation. Product-related litigation involves, among other things, claims alleging faults in vehicles. Some of these claims are asserted by way of class actions. If the outcome of such legal proceedings is detrimental to the Mercedes-Benz Group or such proceedings are settled, the Group may encounter substantial financial burdens, e.g. from damages payments or service actions, recall campaigns, monetary penalties or other costly actions. Some of these proceedings and related settlements may also have an impact on the company's reputation and/or lead to the exclusion from tenders.

Risks from legal proceedings in connection with diesel exhaust gas emissions – governmental proceedings[1]

The activities of various authorities worldwide in connection with diesel exhaust emissions of Mercedes-Benz vehicles, which were already reported in the past, are partly ongoing, as described below. These activities particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or the interactions of the Mercedes-Benz Group with the relevant authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, consumer protection and antitrust laws.

In the United States, Mercedes-Benz Group AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements in 2020 with various authorities to settle civil environmental claims regarding the emission control systems of certain diesel vehicles. These agreements have become final and effective. The failure to meet certain of the agreements' obligations may trigger stipulated penalties.

As already reported, in 2016, the U.S. Department of Justice (DOJ) requested that the Mercedes-Benz Group conduct an internal investigation. The Mercedes-Benz Group conducted such an internal investigation in cooperation with the DOJ's investigation. In March 2024, the DOJ informed the Mercedes-Benz Group that based on the information available to it, it had closed its investigation; thus, the DOJ will not bring any criminal charges against the Mercedes-Benz Group. In addition, further US state authorities have opened investigations pursuant to both local environmental and consumer protection laws and have requested documents and information.

In Canada, the environmental regulator Environment and Climate Change Canada (ECCC) is conducting an investigation in connection with diesel exhaust emissions based on the suspicion of potential violations of, amongst others, the Canadian Environmental Protection Act as well as potential undisclosed Auxiliary Emission Control Devices and defeat devices.

The Mercedes-Benz Group cooperates with the investigating authorities.

In Germany, between 2018 and 2024, the Federal Motor Transport Authority (KBA) issued subsequent auxiliary provisions for the EC type approvals of certain Mercedes-Benz diesel vehicles, and ordered mandatory recalls, different technical remedial actions as well as, in some cases, stops of the first registration. In each of those cases, it held that certain calibrations of specified functionalities are to be qualified as impermissible defeat devices. Mercedes-Benz has a contrary legal opinion on this question and has filed timely objections against the KBA's administrative orders and determinations mentioned above. Insofar as the KBA has

1 This section provides information on risks associated with compliance with laws and regulations that meet disclosure requirements in connection with the European Sustainability Reporting Standards (ESRS) (see the chapter Governance information in the Sustainability Statement).

not remedied the objections, Mercedes-Benz has filed lawsuits with the competent administrative court. Irrespective of such objections and the lawsuits that are now pending, the Mercedes-Benz Group continues to cooperate fully with the KBA. The remedial actions requested by the KBA were developed by the Mercedes-Benz Group and assessed and approved by the KBA. The necessary recalls were initiated. Insofar as remedial actions relate to cooperation engines, the Mercedes-Benz Group has commissioned the development of the remedial actions. It cannot be ruled out that under certain circumstances, software updates may have to be reworked, or further delivery and registration stops may be ordered or resolved by the company as a precautionary measure, also with regard to the used-car, leasing and financing businesses. In the course of its regular market supervision, the KBA routinely conducts further reviews of Mercedes-Benz vehicles and asks questions about technical elements of the vehicles. In addition, the Group continues to be in a dialogue with the responsible authorities to conclude the analysis of the diesel-related emissions matter and to further the update of affected customer vehicles.

In addition to the aforementioned authorities, authorities of various foreign states, particularly the South Korean Ministry of Environment and the South Korean competition authority (Korea Fair Trade Commission) are conducting various investigations and/or procedures in connection with diesel exhaust emissions. In this context, these South Korean authorities have made determinations and imposed sanctions against Mercedes-Benz which Mercedes-Benz has appealed. In the same context, national antitrust authorities of various countries are also conducting investigations, including the Brazilian antitrust authority, which opened an antitrust proceeding against Mercedes-Benz and some other car manufacturers in July 2024.

The Mercedes-Benz Group continues to fully cooperate with the authorities and institutions. However, regarding the proceedings and processes still in progress, the Mercedes-Benz Group cannot at this time make any statement to their outcome. Irrespective of such cooperation and in light of the past developments as well as ongoing court proceedings it cannot be ruled out that one or more authorities worldwide will take further investigative and enforcement actions and measures relating to the Mercedes-Benz Group and/or its employees. Also, they could reach the conclusion that other passenger cars and/or vans with the brand name Mercedes-Benz or other brand names of the Mercedes-Benz Group did not comply with certain regulatory requirements and particularly were equipped with impermissible defeat devices. Likewise, authorities could take the view that certain functionalities and/or calibrations were not proper and/or were not properly disclosed. It cannot be ruled out that the Mercedes-Benz Group will become subject to significant additional fines and other sanctions, measures and actions. Additionally, further delays in obtaining regulatory approvals necessary to introduce new or recertify existing vehicle models could occur. The occurrence of the aforementioned events in whole or in part could cause significant collateral damage including reputational harm. Further, due to negative allegations or findings with respect to technical or legal issues by one of the various governmental agencies, other agencies – or also plaintiffs – could also adopt such allegations or findings. Thus, a negative allegation or finding in one proceeding carries the risk of being able to have an adverse effect on other proceedings, also potentially leading to new or expanded investigations or proceedings, including lawsuits.

In addition, the ability of the Mercedes-Benz Group to defend itself in proceedings could be impaired by concluded proceedings and their underlying allegations as well as by unfavourable results or developments in any of the information requests, inquiries, investigations, orders, legal actions and/or proceedings discussed above.

Risks from legal proceedings in connection with diesel exhaust gas emissions – civil court proceedings

Consumer class actions were filed against Mercedes-Benz Group AG in Israel in 2019 and, since 2020, in the United Kingdom, the Netherlands, Portugal, and since 2022 in Australia against Mercedes-Benz Group AG and further Group companies. The plaintiffs inter alia assert that the Mercedes-Benz Group had used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen oxide (NO_X) emissions and which cause excessive emissions from vehicles with diesel engines. Furthermore, they claim that the Mercedes-Benz Group deceived consumers in connection with advertising statements for Mercedes-Benz diesel vehicles. The proceedings in England and Wales consist of several individual lawsuits that have been consolidated into a class action. A class action lawsuit is also pending in Scotland. In these proceedings, allegedly injured parties must actively register for the enforcement of claims (opt-in). The plaintiffs in the consumer class action in England and Wales also allege, amongst others, anti-competitive behaviour relating to technology for the treatment of diesel exhaust emissions.

In Germany, a large number of customers of Mercedes-Benz diesel vehicles have filed lawsuits for damages or rescission of sales contracts based on similar allegations. In particular, they refer to the KBA's recall orders mentioned above. Although the number of pending lawsuits is declining, a future increase cannot be ruled out. Various preliminary proceedings on legal issues related to diesel exhaust emissions are pending before the European Court of Justice. It cannot be ruled out, that the outcome of such proceedings may have a negative effect on, inter alia, the Mercedes-Benz Group. Following a decision of the European Court of Justice in the first quarter of 2023, the German Federal Court of Justice ruled in the second quarter of 2023 that vehicle purchasers are entitled to claim damages against the manufacturer if it intentionally or negligently used an inadmissible defeat device. Based on similar allegations, the Federation of German Consumer Organizations (Verbraucherzentrale Bundesverband e.V.) filed a model declaratory action (Musterfeststellungsklage) against Mercedes-Benz Group AG with the Stuttgart Higher Regional Court in 2021. Such an action seeks a ruling that certain preconditions of alleged consumer claims are met. In March 2024, the Stuttgart Higher Regional Court largely granted the model declaratory action. Mercedes-Benz Group AG and, in respect of the dismissed claims, also the plaintiff have appealed against the decision to the Federal Court of Justice.

Mercedes-Benz Group AG and the respective other affected companies of the Group regard the pending lawsuits set out above as being without merit and continue to defend themselves against them.

In addition, investors from Germany and abroad have filed lawsuits for damages with the Stuttgart Regional Court alleging the violation of disclosure requirements (main proceedings) and also raised out-of-court claims for damages. Mercedes-Benz Group AG regards these lawsuits and out-of-court claims as being without merit and defends itself against them. In 2021, the Stuttgart Higher Regional Court initiated model case proceedings under the German Act on Model Case Proceedings in Disputes under Capital Markets Law (KapMuG) (model case proceedings). Multiple investors have used the possibility to register claims in a considerable amount with the model case proceedings in order to suspend the period of limitation. Mercedes-Benz Group AG is of the view to have duly fulfilled its disclosure obligations under capital markets law and defends itself against the investors' allegations also in these model case proceedings.

If court proceedings have an unfavourable outcome for the Mercedes-Benz Group, the Group may encounter substantial financial burdens, e.g. from damages payments, remedial works or other cost-intensive measures. Court proceedings can also have an adverse effect on the reputation of the Group.

Furthermore, the ability of the Mercedes-Benz Group to defend itself in the court proceedings could be impaired by the settlements of the diesel-related lawsuits in the United States and in Canada, as well as by unfavourable allegations, findings, results or developments in any of the governmental or other court proceedings discussed above.

Risks from other legal proceedings

In 2021, individual persons associated with Deutsche Umwelthilfe e.V. (DUH) filed a lawsuit before the Stuttgart Regional Court against Mercedes-Benz AG. They claim injunctive relief, demanding that Mercedes-Benz AG refrain from distributing passenger cars with combustion engines after November 2030 and reduce its respective sales prior to this point in time. The dismissal of the claim in the first instance was confirmed by the Higher Regional Court of Stuttgart in 2023, and the plaintiffs' appeal was dismissed as manifestly unfounded. The plaintiffs have lodged an appeal to the German Federal Court of Justice against the denial of leave to appeal. Mercedes-Benz AG will continue to defend itself against the plaintiffs' allegations.

As legal proceedings are fraught with a large degree of uncertainty, it is possible that the provisions recognized for them may prove to be insufficient in some cases after their final procedural resolution. As a result, substantial additional expenditures may arise. This also applies to legal proceedings for which the Group has seen no requirement to recognize a provision.

It cannot be ruled out that the regulatory risks and risks from legal proceedings discussed above, individually or in the aggregate, may materially adversely impact the profitability, liquidity and capital resources, and financial position of the Group or any of its segments.

Although the final result of any legal proceeding may influence the Group's earnings and cash flows in any particular period, the Mercedes-Benz Group believes that any resulting obligations are unlikely to have a sustained effect on the Group's financial position.

Further information on legal proceedings is provided in Note 30 of the Notes to the Consolidated Financial Statements.

Tax risks and opportunities

Mercedes-Benz Group AG and its subsidiaries operate in many countries worldwide and are therefore subject to numerous different statutory provisions and tax audits. Tax risks and opportunities can affect the profitability, liquidity and capital resources, and financial position of the Group. Additionally, there are minor tax risks to the operating result.

Any changes in legislation and jurisdiction, as well as different interpretations of the law by the fiscal authorities, especially in the field of cross-border transactions, may be subject to considerable uncertainty. It is therefore possible that the provisions recognized will not be sufficient, which could have negative effects on the Group's net profit and cash flows.

Positive effects on the Group's net profit and cash flows are also possible as a result of retroactive legislation, future court rulings or changes in the opinions of the tax authorities.

Any changes or interventions by the fiscal authorities are continuously monitored by the tax department and measures are taken if required. The monitoring, management and avoidance of tax risks is supported by a Tax Compliance Management System (Tax CMS).

In addition, if future taxable income is not earned or is too low, there is a risk that the tax benefit from loss carryforwards and tax-deductible temporary differences may not be recognized or may no longer be recognized in full; this could have a negative impact on net profit. However, there is an accounting opportunity that tax benefits currently not recognized in full may be utilized or recognized in future years and could thus also have a positive impact on the Group's net profit.

Compared to the prior year, the risks have decreased from “medium” to “low”, as some tax risks related to the hive-down of the Mercedes-Benz Cars and Mercedes-Benz Vans divisions and the Daimler Trucks and Daimler Buses divisions into legally independent units in 2019 have been partially eliminated.

Overall assessment of the risk and opportunity situation

The overall view of the Group’s risk and opportunity situation is the sum of the described individual risks and opportunities in all risk and opportunity categories.

As part of the “Next Level Performance” (NLP) programme, the Mercedes-Benz Group has set itself ambitious targets to meet the diverse challenges in the automotive industry. If the programme measures adopted in the divisions do not take effect within the planned time frame or to the full extent, this could have negative impacts on the profitability, liquidity and capital resources, and financial position. The effects described can be reflected in all areas of the company.

In addition to the risks described, unforeseeable events can have a negative impact on the business activities and thus on the Mercedes-Benz Group’s profitability, liquidity and capital resources, and financial position and its reputation and non-financial key figures as well as on society and the environment.

No risks were recognizable – neither on the reporting date nor at the time of preparing the Consolidated Financial Statements – that either alone or in combination with other risks could endanger the continued existence of the Group.

Sustainability Statement

General information

Basis of preparation of the sustainability reporting

The Sustainability Statement includes the sustainability reporting for the Mercedes-Benz Group and Mercedes-Benz Group AG. For the Mercedes-Benz Group, it is prepared on a consolidated basis and simultaneously meets the requirements for the Sustainability Statement according to the Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (Corporate Sustainability Reporting Directive, CSRD) and the European Sustainability Reporting Standards (ESRS) as well as the requirements for the non-financial reporting obligations according to Sections 315b to 315c of the German Commercial Code (HGB) (Non-Financial Group Declaration). For the Mercedes-Benz Group AG, it is prepared in accordance with the provisions of Sections 289b – 289e HGB for the Non-Financial Declaration.

The information pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation) for the Mercedes-Benz Group is included in the chapter Environmental information.

The ESRS, as well as the Taxonomy Regulation and the delegated acts issued in connection with it, as well as the respective supplementary interpretation documents of the EU Commission, contain formulations and terms that are subject to considerable uncertainty as to interpretation. Due to the risk that vague legal terms can be interpreted differently, the legal conformity of the interpretation is subject to uncertainty.

The Mercedes-Benz Group's Sustainability Statement was prepared on the basis of the scope of consolidation of the Mercedes-Benz Group's Consolidated Financial Statements. Further information can be found in Note 4 of the Consolidated Financial Statements. The Mercedes-Benz Group has not identified any application of operational control within the meaning of the ESRS beyond the Consolidated Group.

Based on the scope of the double materiality assessment, further information on this can be found under Identification of material impacts, risks and opportunities in this chapter, the Mercedes-Benz Group's Sustainability Statement covers the entire value chain. In the reporting, this is summarized in three stages, analogous to the materiality assessment: upstream value chain, own business activities and downstream value chain of the Mercedes-Benz Group. The value chain is described in the chapter Corporate Profile under Overview. Reporting on policies, actions and targets as well as metrics with regard to the upstream and downstream value chain is limited to relevant available information, such as data available to the Mercedes-Benz Group and publicly accessible information. The Mercedes-Benz Group plans to continue to integrate relevant available information on the upstream and downstream value chain related to material impacts, risks and opportunities into its reporting.

The Mercedes-Benz Group involves its stakeholders in identifying the material sustainability-related impacts, risks and opportunities of its business activities along its value chain and takes their interests into account when defining its strategic sustainability priorities. Further information on this can be found in this chapter Strategy under Interests and views of stakeholders.

The responsibilities of the Board of Management as the executive management body of the Mercedes-Benz Group, including with regard to strategies, policies and actions as well as the provision of the corresponding resources, are explained in the section Governance under Tasks and responsibilities of the Board of Management and Supervisory Board as well as sustainability matters they address. Additions or more specific classifications are presented at the relevant points in the report.

The effectiveness of the Mercedes-Benz Group's actions and policies is tracked based on the reported targets and the development of the relevant key figures to achieve the goals. The corresponding key figures are validated and verified using internally defined processes. In addition, they are audited exclusively by the externally appointed auditor. If no quantitative targets are specified, the effectiveness is tracked using internally defined indicators, processes and evaluations. The Mercedes-Benz Group continuously reviews the effectiveness of its actions in order to prevent potential impacts on the environment and society and to mitigate or minimize the actual negative impacts on the environment and society. The actions presented are basically already being implemented on an ongoing basis. Actions that will be implemented at a specific point in time or in the future are explained separately in the text.

The Mercedes-Benz Group has set quantitative targets where concrete and verifiable metrics can be determined. In principle, the 2024 reporting year represents the basis for progress reports. If there are deviations in company-specific information, these are shown accordingly in the report. Company-specific targets are oriented on the strategic direction of the Group. Furthermore, exclusively the target to reduce CO_2 emissions in production (Scope 1 and 2) is based on scientific evidence.

Estimations of the upstream and downstream value chain

Greenhouse Gas (GHG) Scope 3 emissions were partly determined using indirect sources or sector average data. The basis for the preparation and the resulting degree of accuracy are indicated accordingly. Metrics for disclosure requirement ESRS E1-6 can be found in the chapter Climate change under Greenhouse gas emissions.

Time horizons

Sustainability reporting is generally based on the time horizons defined by law. Accordingly, the short-term time horizon was set at one year, the medium-term at two to five years and the long-term at more than five years.

Deviations arise with regard to the climate scenario analysis. This analysis is based on internal (e.g. "Ambition 2039") and international goals (e.g. the Paris Agreement on climate change) as well as recognized scenarios and evaluates the impacts of climate change up to 2030 for medium-term adaptations and up to 2050 for long-term adaptations.

Disclosures stemming from other legislation

In addition to the sustainability reporting of the Mercedes-Benz Group in accordance with the ESRS, the requirement for the combined Non-Financial Group Declaration in accordance with the provisions of Sections 315b, 315c HGB in conjunction with Sections 289b – 289e HGB and for the Non-Financial Declaration of Mercedes-Benz Group AG in accordance with the provisions of Sections 289b – 289e HGB are met, so that the Sustainability Statement as a whole represents the combined Non-Financial Declaration for the Mercedes-Benz Group and Mercedes-Benz Group AG.

The relevant content is presented in the chapter Combined Non-Financial Declaration of the Mercedes-Benz Group and Mercedes-Benz Group AG.

Covered disclosure requirements

The disclosure requirements according to ESRS covered in this Sustainability Statement are shown in the appendix List of disclosure requirements. Furthermore, information that is provided by reference outside the Sustainability Statement is disclosed accordingly.

Statement on due diligence

Core elements of due diligence	Paragraphs in the Sustainability Statement	Disclosure requirements
a) Embedding due diligence in governance, strategy and business model	General information > Governance > Roles and responsibilities of the Board of Management and the Supervisory Board and addressed sustainability matters	ESRS 2, GOV-2
	General information > Governance > Integration of sustainability-related performance in incentive schemes	ESRS 2, GOV-3
	General information > Strategy > Material impacts, risks and opportunities (IROs) Environmental information > Material impacts, risks and opportunities and their interaction with strategy and business model Social information > Material impacts, risks and opportunities and their interaction with strategy and business model Governance information > Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS 2, SBM-3
b) Engaging with affected stakeholders in all key due steps of the due diligence.	General information > Governance > Roles and responsibilities of the Board of Management and the Supervisory Board and addressed sustainability matters	ESRS 2, GOV-2
	General information > Strategy > Interests and views of stakeholders	ESRS 2, SBM-2
	General information > Strategy > Identification of material impacts, risks and opportunities	ESRS 2, IRO-1
	Environmental information > Policies Social information > Policies Social information > Stakeholder engagement (Own workforce, Workers in the value chain, Affected Communities, Consumers and end-users) Social information > Remediation of negative impacts and channels to raise concerns (Own workforce, Workers in the value chain, Affected Communities, Consumers and end-users) Governance information > Corporate culture	ESRS 2, MDR-P; E1-2; E2-1; E3-1; E4-2; E5-1; S1-1, S1-2, S1-3; S2-1, S2-2, S2-3; S3-1, S3-2, S3-3; S4-1, S4-2, S4-3; G1-1
c) Identifying and assessing adverse impacts	General information > Strategy > Identification of material impacts, risks and opportunities	ESRS 2, IRO-1
	General information > Strategy > Material impacts, risks and opportunities (IROs) Environmental information > Material impacts, risks and opportunities and their interaction with strategy and business model Social information > Material impacts, risks and opportunities and their interaction with strategy and business model Governance information > Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS 2, SBM-3
d) Taking action to address those adverse impacts	Environmental information > Actions Environmental information > Climate Change > Transition plan for climate change mitigation Environmental information > Biodiversity and ecosystems > Consideration of biodiversity and ecosystems in strategy and business model Social information > Actions Governance information > Corporate culture; Compliance with laws and regulations; Prevention and detection of corruption and bribery; Reporting of legal and rule violations; Political influence and the representation of interests	ESRS 2, MDR-A; E1-1, E1-3; E2-2; E3-2; E4-1, E4-3; E5-2; S1-4; S2-4; S3-4; S4-4; G1-1, G1-3, G1-5
e) Tracking the effectiveness of these efforts and communication	Environmental information > Metrics Social information > Metrics Governance information > Prevention and detection of corruption and bribery; Political influence and the representation of interests	ESRS 2, MDR-M; E1-5, E1-6, E1-7, E1-8; E2-4, E2-5; E3-4; E4-5; E5-4, E5-5; S1-6, S1-7, S1-8, S1-9, S1-10, S1-14, S1-16, S1-17; S2-4; S3-4; S4-4; G1-4, G1-5
	Environmental information > Targets Social information > Targets	ESRS 2, MDR-T; E1-4; E2-3; E3-3; E4-4; E5-3; S1-5; S2-5; S3-5; S4-5

Governance

The role of the administrative, management and supervisory bodies

The German Stock Corporation Act stipulates a dual management system for Mercedes-Benz Group AG, which provides for a strict separation of personnel and functions between the Board of Management as the management body and the Supervisory Board as the supervisory body (two-tier board). The Board of Management manages the company, while the Supervisory Board monitors and advises the Board of Management.

Composition of the Board of Management and the Supervisory Board

The Board of Management of Mercedes-Benz Group AG consists of eight members as of 31 December 2024. The Supervisory Board consists of 20 members in accordance with the German Co-determination Act. Half of these are elected by the shareholders at the Annual General Meeting and half by the employees of the company's German operations. The ten workers' representatives (50%) are made up of seven employees of the company and three representatives of trade unions. These trade unions are represented in Mercedes-Benz Group AG itself or in another company whose employees participate in the election of the Supervisory Board members of Mercedes-Benz Group AG.

Independence of the Supervisory Board

According to the definition of independent board member in Table 2 of Annex II to Delegated Regulation (EU) 2023/2772 (ESRS), a Supervisory Board member is considered independent if they do not have any interest, position, association or relationship which, in the view of a reasonable and informed third party, is likely to unduly influence decision-making or to cause bias.

The concept of independence in the German Corporate Governance Code (DCGK) is almost equivalent in terms of content. It is based on the absence of a personal or business relationship that could give rise to a significant and not merely temporary conflict of interest. Unlike the ESRS, DCGK only applies its recommendations on the independence of Supervisory Board members to the shareholder representatives.

According to the independence review carried out by the Supervisory Board of Mercedes-Benz Group AG, 100% of the shareholder representatives are independent within the meaning of the German Corporate Governance Code as well as the Corporate Sustainability Reporting Directive (CSRD) and ESRS as of 31 December 2024. There are different opinions on whether the status of workers' representatives alone precludes independence; a reliable opinion has not yet been developed on the new legal situation under CSRD and ESRS. Therefore, as a precautionary measure, the workers' representatives on the Supervisory Board are not considered independent in this context. Under this premise, 50% of all Supervisory Board members of Mercedes-Benz Group AG are independent.

Diversity of the Board of Management and the Supervisory Board

In the 2024 financial year, the eight-member Board of Management of Mercedes-Benz Group AG was composed of 37.5% women and 62.5% men. As of 31 December 2024, the Supervisory Board consists of 40% women and 60% men.

The overall requirement profiles for the Board of Management and the Supervisory Board approved by the Supervisory Board of Mercedes-Benz Group AG also include diversity aspects, e.g. in relation to age, internationality, and educational and professional background. Further information on the overall requirement profiles with diversity concepts and competency profiles for the reporting period 2024 and on their adjustment with effect from 1 January 2025 can be found in the chapter Declaration on Corporate Governance.

In fulfilment of the criteria of the overall requirements profile for the Board of Management applicable for the reporting period, as of 31 December 2024, 100% of the eight-member Board of Management are of international origin or have international experience. 87.5% were 62 years of age or younger at the start of their current term of office and 50% were 57 years of age or younger at that time. 37.5% of the Board of

Management members have a technical training or professional background.

In fulfilment of the criteria of the overall requirement profile for the Supervisory Board of the Mercedes-Benz Group AG applicable for the reporting period, as of 31 December 2024, 100% were 72 years old or younger at the time of their election or re-election for a full term of office, and 80% were 62 years old or younger at that time. In addition, a broad spectrum of educational and professional backgrounds is represented on the Supervisory Board.

Experience of the Board of Management and the Supervisory Board

All members of the Board of Management of Mercedes-Benz Group AG demonstrate their familiarity with the sector, products and geographical locations that are relevant to the company through their individual skills and experience from many years of work for the company, including at its international locations. China is represented by a separate executive division managed from China. Further information on the areas of responsibility and CVs of the Board of Management members are available on the website of Mercedes-Benz Group AG at 🌐 www.group.mercedes-benz.com/BoM

The members of the Supervisory Board of Mercedes-Benz Group AG are all familiar with the sector in which the company operates. By law, the Supervisory Board includes at least two financial experts. In addition, the Supervisory Board has defined a total of ten areas of expertise that are particularly relevant to the company in the requirements profile applicable in the reporting period. These areas of expertise include the product-relevant areas of digitalization/IT, industry and sales/brand, and sustainability. Further information can be found in the chapter Declaration on Corporate Governance under Qualification matrix of the Supervisory Board members.

The international experience of the shareholder representatives on the Supervisory Board of Mercedes-Benz Group AG during the reporting period extends to the regions particularly relevant to the company: Germany, Europe, America, Asia-Pacific (especially China).

In a specially designed onboarding programme, new members of the Supervisory Board have the opportunity to meet members of the Board of Management and senior executives responsible for specific subjects for a bilateral exchange and to gain an overview of the company's products, among other things. The product strategy and its implementation, the further development of the product portfolio and individual large product projects are recurring topics in the ongoing work of the Supervisory Board.

The CVs of the Supervisory Board members are available as further information on the website of Mercedes-Benz Group AG at 🌐 www.group.mercedes-benz.com/supervisory-board.

Expertise to oversee sustainability matters

The Board of Management and the Supervisory Board of Mercedes-Benz Group AG determine the sustainability-related expertise of their members by taking into account the experience gained in the respective mandate, by looking at CVs and by self-disclosures. Knowledge and/or experience in the area of sustainability are also taken into account in the overall requirements profile for the Supervisory Board. This requirement – like the other criteria in the requirements profile – should be taken into account in the Supervisory Board's nominations for the election of shareholder representatives by the Annual General Meeting.

The Group Sustainability Committee (GSC) and the Sustainability Competence Office (SCO) are available to the Board of Management of Mercedes-Benz Group AG as internal experts.

Furthermore, the Board of Management and the Supervisory Board have the option to consult external experts from the sustainability dimensions of environment, social and governance.

In addition, sustainability-related topics are an integral part of the training and continuing education measures that the Supervisory Board members undertake independently with the support of the company.

Web-based training courses are also available for members of the Board of Management – as for all other managers.

The Advisory Board for Integrity and Sustainability also provides impetus for the Group's sustainability work. Its members are independent experts from the fields of environmental and social policy, transport and mobility development, and human rights and ethics. The Advisory Board supports the Mercedes-Benz Group in a constructive and critical manner on issues of integrity, sustainability and corporate responsibility. It meets several times a year under the leadership of the Board of Management member responsible for Integrity, Governance & Sustainability. In addition, bilateral discussions and an annual exchange with the members of the Supervisory Board and the Board of Management take place several times a year.

The Board of Management and the Supervisory Board draw on internal and, where appropriate, external expertise on sustainability to address strategically relevant sustainability issues and the associated impacts, risks and opportunities.

Tasks and responsibilities of the Board of Management and the Supervisory Board and the sustainability matters they address

The management task of the Board of Management of Mercedes-Benz Group AG includes setting up appropriate and effective internal control, risk, compliance management and internal audit systems in view of the scope of the company's business activities and the company's risk situation. These and comparable independent systems or frameworks are subject to ongoing monitoring in order to eliminate identified weaknesses and to continuously improve the processes and systems. The systems and processes also address issues related to sustainability, among other things.

For the 2024 financial year, the Mercedes-Benz Group conducted out a methodologically redesigned materiality assessment in accordance with the requirements of the CSRD and ESRS in order to identify material sustainability-related impacts, risks and opportunities. These can be found in the chapter General information under Material impacts, risks and opportunities. The newly identified material sustainability-related short and medium term risks and opportunities were transferred to the risk management system after the assessment was completed. In addition, the Mercedes-Benz Group is reviewing the further development of the processes and systems with regard to the holistic consideration of the sustainability-related impacts, risks and opportunities.

The Supervisory Board of Mercedes-Benz Group AG has anchored the cross-departmental control and coordination function for sustainability management within the Board of Management in the Integrity, Governance & Sustainability division. Responsibility for managing department-specific sustainability issues remains with the respective Board of Management areas. Taking into account the Supervisory Board's specifications on the structure of the executive divisions (business unit and/or functional business unit), the Board of Management determines the distribution of business within the Board of Management. Without prejudice to the overall responsibility of the Board of Management, each Board member manages their executive division under their own responsibility within this framework. This also includes identifying, addressing and tracking the main sustainability-related impacts, risks and opportunities in the respective department. In addition, the available resources should be allocated and the corresponding financial means for sustainability matters should be channeled within the framework of Mercedes-Benz Business Planning. Certain projects with potentially fundamental or material importance, including from a strategic sustainability perspective, require the approval of the entire Board of Management.

The Supervisory Board's monitoring and advice of the Board of Management also includes sustainability issues. The Board of Management regularly informs the Supervisory Board about the implementation of the sustainable business strategy.

The Audit Committee of the Supervisory Board discusses the effectiveness and functionality of the internal control and risk management system, the internal audit system and the Compliance Management System with the Board of Management at least once a year.

The Group Sustainability Committee (GSC) meets quarterly under the leadership of the member of the Board of Management of Mercedes-Benz Group AG responsible for Integrity, Governance & Sustainability in her role as Sustainability Coordinator. The GSC manages sustainability issues in line with the targets, metrics and actions decided by the Board of Management across departments, divisions and regions. Members include the member of the Board of Management appointed as Chief Technology Officer and also for Development and Procurement, the Chief Compliance Officer, who also holds the role of the Group's Human Rights Officer, the Chief Environmental and Energy Officer, the Head of External Affairs and representatives of relevant functional areas and all divisions.

The members of the GSC are responsible for the implementation of sustainability topics in their respective divisions or specialist areas.

The GSC informs the Board of Management and the Supervisory Board of Mercedes-Benz Group AG at least twice a year on current sustainability topics of strategic relevance. This includes significant impacts, risks and opportunities as well as the development of the sustainable business strategy and associated metrics.

In the Sustainability Coordination Meeting (SCM), the Sustainability Competence Office (SCO) – a department consisting of sustainability experts within the division Integrity, Governance & Sustainability – enters into dialogue with representatives from all relevant board departments and specialist areas. The SCM meets several times a quarter under the leadership of the SCO. The SCO, in turn, advises and supports the specialist areas in the further development of the sustainable business strategy, the implementation of regulatory requirements on sustainability, the integration of relevant ESG criteria in the Group's governance and core processes, as well as sustainability-related requirements from the Board of Management or GSC.

The Group Risk Management Committee (GRMC) is responsible for the continuous remediation and assessment of the appropriateness and effectiveness of the risk management system and the internal control system (including the Compliance Management System) measured against the scope of the Group's business activities and risk situation. It is led by the members of the Board of Management of Mercedes-Benz Group AG responsible for Finance & Controlling/ Mercedes-Benz Mobility and Integrity, Governance & Sustainability. In addition to these, as of 31 December 2024, the GRMC includes representatives from Mercedes-Benz Group Finance, the Legal Department, the Compliance Department, Group Security, Global Cyber & Information Security, and the member of the Board of Management of Mercedes-Benz Mobility AG responsible for Finance. Corporate Audit contributes key findings on the internal control and risk management system.

The GRMC informs the Board of Management about material risks and opportunities as well as actions that arise for Mercedes-Benz Group AG from the risk management process. This also includes the material risks and opportunities related to sustainability. The Supervisory Board is informed about the Group's risk situation at least quarterly. In addition, the Supervisory Board examines at least once a year the key sustainability-related risks and opportunities for the Group identified in the materiality assessment, as well as the ecological and social impacts of the Group's activities.

During the reporting year, the GSC, the Board of Management and the Supervisory Board were informed about all sustainability-related material impacts, risks and opportunities. The list of material sustainability-related impacts, risks and opportunities can be found in the chapter General information under Material impacts, risks and opportunities.

Detailed information on the material impacts, risks and opportunities and their management will continue to be provided, among other things, as part of the annual sustainability reporting process.

Integration of sustainability-related performance in incentive schemes

Sustainability matters are of great importance to the Mercedes-Benz Group and are a central component of the sustainable business strategy. Against this background, the Supervisory Board has also implemented a performance criterion in the Board of Management's remuneration in the form of the sustainability targets. In addition to financial targets, the variable remuneration of the Board of Management and the executives of the other management levels one to three and parts of level four includes short-term transformation targets for CO_2 emissions (related to the use phase of the products), safety innovations and stakeholder engagement. It also includes long-term sustainability targets for the proportionate unit sales of plug-in hybrids (PHEV) and all-electric vehicles (BEV), the review of high-risk production materials and diversity and inclusion. Furthermore, the variable remuneration includes non-financial targets relating to customers, employees and integrity.

The Mercedes-Benz Group describes its remuneration system taking sustainability aspects into account, including climate-related considerations in the remuneration of the Board of Management, in the remuneration report. The information is available at the following link group.mercedes-benz.com/board-of-management/remuneration under Principles of Board of Management remuneration and Remuneration components of the Board of Management in financial year 2024. Here you will find a description of the remuneration system and the sustainability-related performance criteria that provide incentives at Board of Management and executive level for the sustainable management of the Mercedes-Benz Group.

Responsibility for determining the remuneration system

The Supervisory Board of Mercedes-Benz Group AG decides on a remuneration system for the members of the Board of Management. The Supervisory Board must present this remuneration system in the Annual General Meeting in case of material changes, but at least every four years. The remuneration of the individual members of the Board of Management is determined by the Supervisory Board in accordance with the remuneration system approved in the Annual General Meeting.

The remuneration of executives is determined by the Board of Management. However, the Supervisory Board ensures that the remuneration system of the Board of Management and the executives set the same incentives.

Internal controls and risks of sustainability reporting

The Mercedes-Benz Group's Corporate Audit department supports compliance with relevant laws and regulations, internal guidelines and regulations by reviewing internal controls and processes.

To reduce the risk of misrepresentation of information in sustainability reporting, the Mercedes-Benz Group has implemented actions, including

- process descriptions, procedural instructions and training for employees responsible for data collection and reporting,
- internal audits and reviews as well as
- regulatory requirements on how estimates are to be collected.

The main risks with regard to sustainability reporting include

- non-compliance with regulatory sustainability standards and regulations,
- misinformation or omissions in reporting,
- incorrect data collection and processing as well as
- inaccuracies and inconsistencies in reporting of estimated values in reporting.

These risks have been identified in accordance with the process for identifying significant risks and opportunities. Further information can be found in the chapter General information under Identification of material impacts, risks and opportunities. To counteract this, the Mercedes-Benz Group checks the information presented in its sustainability reporting using a multi-stage process, from data collection at company level to qualitative information on objectives and actions, and finally approval by those responsible

for the functions. This process is intended to help the Mercedes-Benz Group determine and report its sustainability performance in accordance with regulatory requirements.

In addition, sustainability reporting goes through the same regulatory process as financial reporting, which includes approvals from top management committees up to the Supervisory Board.

Furthermore, the Sustainability Statement will be made available to employee representatives via the General and Group Works Council for review and comment before publication.

Identification of material impacts, risks and opportunities

The Mercedes-Benz Group carried out a materiality assessment for the 2024 financial year in accordance with the requirements of the CSRD and ESRS. In this way, the Group determined the material impacts of its business activities on the environment and society along the entire value chain as well as material sustainability-related risks and opportunities for the Mercedes-Benz Group. The sustainability-related impacts, risks and opportunities, as well as their materiality, were recorded and assessed with the involvement of all relevant departments and divisions, as well as important external stakeholders. The Sustainability Competence Office (SCO) managed this process. The materiality assessment is updated annually and methodically further developed in the coming years in line with regulatory requirements. The assessment covers the Mercedes-Benz Group, including its three divisions Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility.

Definition of the assessment framework
The basis of the assessment is a list of ESRS topics, which has been supplemented by company-specific topics. In addition to available primary data such as the greenhouse gas balance or internal data on procurement countries, a large number of secondary data was used to create this ESG topic list and to determine and assess the associated impacts, risks and opportunities. These include scientific studies, NGO reports, reports from ESG rating agencies and media reports. The identification of company-specific topics is based on a desk analysis that took into account the results of the Mercedes-Benz Group's previous materiality assessment as well as established frameworks such as the Sustainability Accounting Standards Board (SASB), the GRI standards and the UN Sustainable Development Goals (UN SDGs), ESG ratings, regulatory developments and industry trends. For the assessment of environmental impacts, risks and opportunities own business activities and sites were considered as well as it's own assets in addition to the risk assessment.

The Mercedes-Benz Group based its materiality assessment on its entire value chain. This took into account both direct business relationships and indirect suppliers as well as other relevant players in the value chain. Particular attention was paid to those regions and processes in the value chain which, according to the findings of the Mercedes-Benz Group's existing due diligence processes, are particularly risky. Local conditions were also included in the assessment by localizing the impacts, risks and opportunities wherever possible. The value chain of the Mercedes-Benz Group is described in the chapter Corporate Profile under value chain. For the materiality assessment, the value chain was broken down as follows: upstream value chain, own business activities and downstream value chain.

Upstream value chain
The upstream value chain includes the procurement of production materials (including high-risk materials),

non-production materials and services. The Mercedes-Benz Group took into account, among other things, the results of the previous raw material analysis. This evaluates critical raw materials using indices in a standardized procedure. The indices used include a country risk assessment based on the Global Risk Map of the Responsible Minerals Initiative as well as additional factors such as direct procurement or small-scale mining.

Own business activities
The own business activities include all internal processes and employees of the Mercedes-Benz Group, from product development and production to marketing and the sale of vehicles and services. Since the Mercedes-Benz Group operates globally, the assessment prioritized the regions in which the most employees are employed. Information from the Compliance Management System (CMS) was also used.

The materiality assessment is based on the consolidated Group, which corresponds to the scope of the sustainability reporting. Information on the materiality assessment can be found in the chapter General information under Basis for preparation of the sustainability reporting. This scope also applies to the topics of corporate policy and corporate culture.

Downstream value chain
The downstream value chain includes the use of Mercedes-Benz vehicles by customers. When the vehicles have reached the end of their life, their components can be remanufactured, recycled or ultimately disposed of. Since it is up to the customers to decide where they have their vehicles serviced and where they resell their vehicles, the assessment focused in particular on industry-specific impacts and risks related to maintenance, recycling and disposal processes.

When assessing the impacts, operating leases are equated with the sale of vehicles and are thus assigned to the downstream value chain.

Process to identify material impacts
Based on the value chain and the ESG topic list defined in the first step, the Sustainability Competence Office (SCO) developed an inventory of negative and positive impacts of the Mercedes-Benz Group's business activities on the environment and society. For this purpose, data available in the Group, secondary data obtained through research and the expert knowledge of the specialist departments were taken into account. Experts from the relevant specialist departments of the Mercedes-Benz Group then qualitatively assessed the identified sustainability-related impacts. They assessed the impacts either for a short-term (one year), medium-term (two to five years) or long-term (over five years) time horizon. To do this, they used a three-level scale (low/medium/high) to assess the severity and likelihood of occurrence. The severity for negative impacts is determined by evaluating the parameters of scale, scope and irremediability specified by the ESRS, while for positive impacts it is determined only by scale and scope. The Group selected the materiality threshold so that impacts rated as high with regard to severity are always material and impacts rated as medium with a high probability of occurrence are also considered material. In addition, the Group identified company-specific actions to reduce risks and impacts.

Internal and external experts discussed the preliminary results of the assessment of sustainability-related impacts in topic-specific focus groups. Expert interviews and an online survey also supplemented the results. The participants in the stakeholder engagement process were selected based on the relevant stakeholders, the key topics, the various stages of the value chain and the most important markets and regions for the Mercedes-Benz Group. The specialist departments reviewed the stakeholder statements and took them into account in the final assessment of the actual and potential negative and positive impacts on the environment and society.

Process to identify material risks and opportunities
Sustainability-related risks and opportunities are understood to be conditions, events or developments related to the sustainability dimensions of environment, social and governance, the occurrence of which may have a potential impact on the Mercedes-Benz Group's profitability, liquidity and capital resources and financial position, as well as on its reputation.

The defined ESG topic list was also initially used to determine the sustainability-related risks and opportunities. The developed risk and opportunity inventory was then drawn from various sources. Firstly, the Mercedes-Benz Group took into account the sustainability-related risks and opportunities already recorded in the risk management system. Secondly, it recorded risks and opportunities resulting from the identified sustainability-related impacts of the Mercedes-Benz Group along the value chain and in connection with dependencies on ecological and social resources. Other sources included a media analysis and an environmental analysis of regulatory developments, NGO positions, capital market expectations and competitors. The inventory was further enriched with the help of the expert knowledge of the specialist departments. The identified sustainability-related risks and opportunities were then assessed with the participation of the specialist departments and representatives of Group Risk Management. The same time horizons were considered as for the impacts.

For the risks and opportunities already quantitatively assessed in the risk management system, the Group used the existing assessment, among other things in relation to EBIT, and set a quantitative materiality threshold. The Group assessed risks and opportunities that cannot be quantified at this point in time, as well as reputational risks and opportunities, qualitatively. To do so, it used a three-stage scale (low/medium/high) to assess the possible extent and likelihood of occurrence. The Group selected the materiality threshold in line with the impacts. Sustainability-related risks and opportunities are generally handled like all other risks and opportunities in the Group.

Stakeholder validation
The results of the materiality assessment were verified with selected stakeholders. Information from dialogues with focus groups, consisting of internal and external stakeholders, e.g. from science, NGOs or civil society and interviews with international experts from a wide range of disciplines, further enriched the results. The internal experts checked the impacts and the risk and opportunity inventory for completeness based on the information obtained on the framework conditions and expectations of the stakeholders and, where necessary, adjusted individual assessments of impacts, risks and opportunities. The new short and medium term material risks and opportunities related to sustainability identified in the course of the materiality assessment were transferred to the risk management system after the assessment was completed. In addition, the Mercedes-Benz Group is reviewing the further development of the processes and systems with regard to the overall view of the sustainability-related impacts, risks and opportunities.

Special considerations for identification of material impacts, risks and opportunities with regard to environmental pollution, water consumption and resource use

As part of the overarching materiality assessment, the Mercedes-Benz Group considered the impacts on environmental pollution, water consumption and resource use along the value chain, taking into account its activities and plans, and verified the results of the materiality assessment with selected stakeholders.

Special considerations for identification of material climate-related impacts, risks and opportunities

As part of the overarching materiality assessment, the Mercedes-Benz Group has analysed the impacts on climate change, taking into account its activities and plans, and has considered its greenhouse gas emissions along the value chain.

The Group has also carried out a climate-specific scenario analysis with the aim of better understanding and assessing the identified risks and opportunities along the value chain. The analysis process is explained below.

The analysis was based on the risk and opportunity dimensions defined by the Task Force on Climate-related Financial Disclosures (TCFD) and differentiated between transitory and physical climate risks. Transitory climate risks are related to the transition to a low-carbon economy and result from changing political conditions, technological developments and changing markets. Physical risks arise from climatic changes.

The fundamental climate-related assumptions regarding the transition to electric vehicles and the associated uncertainties are also considered in the Consolidated Financial Statements. A reconciliation of the material climate risks with the results of the scenario analysis is carried out.

Climate-related transition risks

Using climate scenarios, relevant transition events for the Mercedes-Benz Group were identified, validated by assessments from internal experts, and aligned with the Group's strategic direction and supplemented accordingly – including changes in demand and prices, new technologies and market expectations as well as political changes. In the climate scenario analysis, the potential impacts of transition events on individual business areas and activities were qualitatively assessed to identify possible risks and evaluate the necessary adjustments to align with the transition to a climate-neutral economy. The analysis covers the key stages of the value chain: supply chain, development and production as well as sales of passenger cars and light commercial vehicles.

For the analysis, which was updated in the reporting year, the climate scenarios Net Zero Emissions by 2050 Scenario (NZE) and Stated Policies Scenario (STEPS) of the International Energy Agency (IEA) were used, among others, to map a range of possible transformation paths in a uniform, globally applicable and cross-sectoral scenario framework.

The NZE scenario outlines a rigorous path for the global energy sector to achieve net-zero CO_2 emissions globally by 2050, taking into account technical, economic and regulatory feasibility. It aims to limit the global temperature increase by 2100 to 1.5°C relative to pre-industrial levels with at least a 50% probability.

The STEPS scenario projects expected emission reductions based on current political commitments and announced actions by governments, resulting in significantly higher warming.

The analysis evaluates the impacts of climate change up to 2030 for short-term adaptations and for mid- and long-term developments up to 2050. These time horizons were chosen to capture the longer-term nature of the transition events and developments examined and to cover the observation periods of important international goals, such as the Paris Climate Agreement. The short- and medium-term time horizon is based on the Group's strategic planning.

Climate-related physical risks

To analyse the impacts of changing climatic conditions, in addition to the SSP2-4.5 scenario from the Intergovernmental Panel on Climate Change (IPCC), a scenario with high emissions (SSP5-8.5 scenario), which corresponds to a warming of approximately 4°C by the year 2100, was particularly used. The assessment included acute (e.g. floods) and chronic (e.g. persistent changes in temperature and precipitation) consequences of climate change. The considered time periods of 2030, 2040, and the long-term trend beyond are based, among other factors, on the lifespan of assets. The analysis for the company's own business activities was carried out on the basis of location coordinates. The focus was on the production sites, as these are central to the assets and business activities of the Mercedes-Benz Group in the context of climate-related physical risks. In the next step, adaptation

measures at the locations were identified, which were selected based on the analysis results. Additionally, when evaluating suppliers regarding natural hazards, the vulnerability to production disruptions due to extreme weather events was considered. These analysis results were incorporated into the supplier selection processes, and, where necessary, measures were taken.

The results of the scenario analysis are described in the chapter Climate change under Material impacts, risks and opportunities.

Special considerations for identification of material biodiversity-related impacts, risks and opportunities

In addition to the overarching materiality assessment along the entire value chain, the Mercedes-Benz Group analysed potential impacts and dependencies of its own business activities and those of the most relevant suppliers[1] in relation to biodiversity and ecosystems based on the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) database. The dependencies on ecosystem services are rated on a scale from 1 (very low) to 5 (very high). For own business activities, a threshold of 3 (medium) and higher was set, while for the supply chain, a threshold of 4 (high) and higher was applied. This enables a science-based assessment of natural capital values and drivers of environmental change in accordance with the Natural Capital Protocol (Natural Capital Coalition, 2016) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). To determine possible dependencies of corporate activities on ecosystem services, the Mercedes-Benz Group used, among other things, the Common International Classification of Ecosystem Services (CICES). For the classification of company activities and purchased production resources, the Global Industry Classification Standard (GICS) is used.

The Group examined biodiversity-related risks and opportunities during the overarching materiality assessment. Transition risks, physical risks and systemic risks were considered. In addition, the Group used the analysis results from the ENCORE tool and a pilot study on the life cycle analysis of the Mercedes-Benz EQS450+ (energy consumption combined: 19.9 – 16.4 kWh/100 km | CO_2 emissions combined: 0 g/km | CO_2 class: A) using the ReCiPe method. The Mercedes-Benz Group carried out a scenario analysis as a basis for assessing the biodiversity-related risks and opportunities. The methodology of the scenario analysis is based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). The analysis relates to the Group's internal planning horizons and is based on the time horizons of international targets such as the Kunming-Montreal Biodiversity Framework and the Paris Climate Agreement.

The comprehensive investigation of the sites has revealed that there are locations near biodiversity-sensitive areas. This analysis also showed that none of these sites have negative impacts on the surrounding biodiversity-sensitive areas.

The Group counteracts the identified impacts and risks and, where necessary, takes the necessary remediation. This is described in the chapter Biodiversity and ecosystems under Actions.

1 Based on the financial relevance for the Mercedes-Benz Group.

Aggregation and Presentation

For those ESG topics (subtopics or sub-subtopics) for which either at least one material impact or at least one material risk or opportunity has been identified, the Mercedes-Benz Group discloses the sustainability information required by the ESRS.

The process and results of the materiality assessment were presented to the Group Sustainability Committee (GSC). In addition, the Board of Management and the Supervisory Board of the Mercedes-Benz Group AG were informed about the process and results of the materiality assessment.

Strategy

Strategy, business model and value chain

The Mercedes-Benz Group acts on the basis of the sustainable business strategy that the Board of Management of the Mercedes-Benz Group has adopted with the involvement of the Supervisory Board. In doing so, the Mercedes-Benz Group takes into account, among other things, relevant regulatory requirements, the expectations of external and internal stakeholders and global trends – along the entire value chain of its business activities. Basic information on the business strategy, the business model and the value chain can be found in the chapter Corporate Profile under Business model. Information on the employees of the Mercedes-Benz Group can be found in the chapter Own workforce under Characteristics of the employees of the Mercedes-Benz Group.

In the reporting year, the Mercedes-Benz Group used a comprehensive, multi-stage analysis process to revise the strategic sustainability topics that the Group wants to focus on. This analysis process took into account the perspectives of all relevant stakeholder groups: customers, investors, employees, business partners, NGOs and society as a whole. With the six sustainability focus areas, the Mercedes-Benz Group addresses topics that are essential for the environment, society and the company. The six identified focus areas are as follows:

Decarbonization
One of the most important strategic goals of the Mercedes-Benz Group is “Ambition 2039”. By 2039, the entire Mercedes-Benz new vehicle fleet is to be net carbon-neutral[1] across all stages of the value chain and the entire life cycle. The Mercedes-Benz Group sees the electrification of its vehicles as the most important lever. The pace of the transformation is determined by market conditions, the infrastructure and consumer behaviour.

Resource Use and Circularity
The Mercedes-Benz Group wants to decouple resource consumption from the growth of its production output and is focusing on optimising the use of resources and creating a closed loop along the entire value chain of its vehicles. The aim is to increase the proportion of secondary materials and reduce the consumption of energy, water and waste generated in operations at its locations.

People
With the “Sustainable People Plan”, the Mercedes-Benz Group wants to shape the upcoming changes as part of the transformation in a responsible, socially acceptable and future-oriented manner. As an attractive employer, the Group focuses on the further development of its employees, on flexible working conditions, a trusting culture of cooperation as well as a safe working environment.

1 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.

Human Rights
Respect for human rights is of central importance to the Mercedes-Benz Group. The Group is committed to ensuring that human rights are respected along the value chain, in its own Group companies, among partners and suppliers. With the Human Rights Respect System (HRRS), the Mercedes-Benz Group has developed an approach to systematically address the topic of human rights. Due to the complexity of the supply chains and the large number of raw materials and materials in the products, the Group takes a risk-based and strategic approach to procurement.

Digital Trust
With the focus area of Digital Trust, the Mercedes-Benz Group is meeting the complex challenges of digital transformation. The Group's ambition is to build and expand trust in its digital products and services in order to enable competitive digital business.

Traffic Safety
The Mercedes-Benz Group wants to pioneer accident-free driving and is developing automated driving while taking social and ethical aspects into account.

Responsible Business conduct forms the basis

For the Mercedes-Benz Group, a corporate culture based on responsibility is an essential basis for entrepreneurial activity and an integral part of its sustainable business strategy. This includes, in particular, integrity, compliance, partnerships and interaction with stakeholder groups.

Interests and views of stakeholders

The Mercedes-Benz Group attaches great importance to the exchange with its stakeholders. This exchange enables the Mercedes-Benz Group to better understand the concerns of its stakeholders. This enables the Group to look at its sustainability commitment from different perspectives, identify new trends and – where appropriate – take information into account strategically.

Stakeholders are people or groups who are affected by the activities of the Mercedes-Benz Group, have expectations of the Mercedes-Benz Group or are the target group of this reporting. The primary stakeholders of the Mercedes-Benz Group are therefore customers, investors and employees, business partners and society as a whole. Furthermore, the Mercedes-Benz Group regularly exchanges information with civil society groups such as NGOs. The Group also maintains contact with associations, trade unions, the media, analysts, municipalities, residents of the Group's locations and people from science and politics.

The Mercedes-Benz Group has defined clear responsibilities and communication channels for exchanging ideas with stakeholders across the Group and has established specific dialogue formats. The different formats are coordinated by the Integrity, Governance & Sustainability division and other areas such as External Affairs.

Among other things, the Mercedes-Benz Group organizes annual Sustainability Dialogues, conducts stakeholder surveys, specialist conferences and thematic dialogues – for example in the form of workshops or via the Advisory Board for Integrity and Sustainability. It also monitors current public discussions and informs itself about associated expectations by participating in industry-specific and cross-industry networks and initiatives. In addition, the Mercedes-Benz Group evaluates studies and other scientific publications and conducts its own media analyses. In addition to the dialogue it initiates, this helps the Group to recognize developments and stakeholder expectations at an early stage.

The Mercedes-Benz Group involved its stakeholders in determining the material impacts, risks and opportunities and thus also took stakeholder interests into account when refocusing the strategic focus topics of sustainability. Information on this can be found in the chapter General information under Strategy, business model and value chain. The Mercedes-Benz Group plans to take the changes that arise in the regular cycle of the materiality assessment according to CSRD and ESRS into account in future updates of its strategic focus areas of sustainability. Basic information on the materiality assessment is described in the chapter General information under Identification of material impacts, risks and opportunities.

Sustainability Dialogue
An important dialogue format is the Sustainability Dialogue, which has been held annually in the Stuttgart area (Germany) since 2008. The event enables stakeholders from different areas to exchange ideas with members of the Board of Management of Mercedes-Benz Group AG and the extended management, who participate in individual working groups of the Sustainability Dialogue. The results of the discussions are then reported to the Group Sustainability Committee (GSC). In addition, the members of the Board of Management and the Supervisory Board have a direct exchange with the Advisory Board for Integrity and Sustainability to consider possible strategic considerations. For this purpose, those responsible for the respective focus areas of sustainability take part in the meetings with the Advisory Board for Integrity and Sustainability and discuss the stakeholders' input. The Mercedes-Benz Group considers the findings from the Stakeholder Dialogue to be valuable feedback.

In addition, the Sustainability Dialogue was held in Dresden (Germany), New Delhi (India), Beijing (China) and New York City (USA) during the reporting year. Furthermore, the Sustainability Dialogues Employee Day was held in Stuttgart (Germany), where interested employees of the Mercedes-Benz Group were able to obtain information and exchange ideas on sustainability topics and current projects of the Group.

Following both dialogue events, various Sustainability Dialogue Working Groups, in which the Board of Management also regularly participates, discussed the stakeholders' recommendations and summarized the most important findings. The Group published the results on its website and included them in the 2025 dialogue events.

Advisory Board for Integrity and Sustainability
An important source of inspiration for the Group's sustainability work is the Advisory Board for Integrity and Sustainability since 2012. Its members are independent external experts from science, civil society and business, including experts in the fields of environmental and social policy, transport and mobility development, as well as human rights and ethics. The Advisory Board members provide the Mercedes-Benz Group with constructive and critical advice on issues of integrity, sustainability and corporate responsibility. The Advisory Board meets several times a year under the leadership of the Board of Management member for Integrity, Governance & Sustainability. Furthermore, additional bilateral discussions and an annual exchange with the members of the Supervisory Board and the Board of Management take place several times a year. During the revision of the sustainable business strategy in the year 2024, the Group obtained feedback from the Advisory Board in several rounds and integrated this into the process.

ESG conference
At the ESG Conference, which has been taking place since 2022, the Mercedes-Benz Group presents progress and plans regarding sustainability topics to its investors and analysts from the capital market.

Sustainability initiatives and associations
The Mercedes-Benz Group is part of various sustainability initiatives and networks. This enables it to exchange ideas directly with people from politics, business and non-governmental organizations that are committed to sustainable development. This includes in particular the UN Global Compact (UNGC), which the Mercedes-Benz Group supported in April 2023 as a founding member of the new association UN Global Compact Network Germany e.V. The Mercedes-Benz Group is also particularly involved in econsense – Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e.V. (Sustainable Development of German Business) and the World Business Council for Sustainable Development. The voluntary commitments that the Mercedes-Benz Group has made with these endeavours also serve as guardrails for political advocacy.

Representation of interests
With responsible political advocacy, the Mercedes-Benz Group seeks dialogue with representatives of governments, policy and authorities at its locations worldwide. In addition, it engages with other interest groups on topics such as transformation and decarbonization – including politically or socially engaged groups, opinion leaders, experts, citizens, representatives of the business world and NGOs. Together with stakeholders, the Mercedes-Benz Group accompanies the opinion-forming process at national and international levels in order to advance sustainable business goals and the transformation of the automotive industry. In addition, the Group discusses relevant future issues such as biodiversity and the circular economy with them, which go beyond the core automotive topics, and incorporates the results into its strategy where appropriate.

Employee survey
The Mercedes-Benz Group regularly conducts a Group-wide employee survey. The results are made available anonymously across the Group. The survey is an important tool for obtaining a comprehensive picture of the mood of employees regarding their employer.

The questionnaire includes questions on commitment and working conditions, strategy, diversity, integrity and sustainability. The last survey took place in 2023. Detailed information on the employee survey can be found in the chapter Own workforce under Employee representation and engaging with own workforce.

Dialogue on human rights
The Mercedes-Benz Group attaches great importance to further developing and implementing the Human Rights Respect System (HRRS) together with external stakeholders. It is particularly important for the Group to exchange ideas with potentially affected stakeholders and their representatives in order to identify human rights risks and develop suitable actions. As part of the annual Sustainability Dialogue, the Human Rights Working Group discussed the effectiveness review of the supply chain in the reporting year. The aim of the Human Rights Working Group at the Sustainability Dialogue is to incorporate feedback and expertise from external stakeholders into the further development of the Human Rights Respect System.

The Group also exchanges information with representatives of the General Works Council of Mercedes-Benz Group AG and the World Employee Committee on the results of the risk assessment for Group companies.

The Mercedes-Benz Group systematically involves potentially affected stakeholders in the review of its 24 raw materials identified as critical in order to identify human rights and environmental risks and implement suitable actions. More information on this can be found in the chapter Workers in the value chain under Actions. Regional and local NGOs represent an important interest group here, as they provide a more accurate picture of the situation on the ground and are aware of the concerns of those potentially affected. In addition, trips to bauxite and aluminium mining areas, including Brazil and Guinea, took place in the reporting year. Through the on-site visits, the Mercedes-Benz Group establishes contact with those potentially affected or their representatives and involves them in the design of actions. The Mercedes-Benz Group is also committed to greater participation of those potentially affected, for example the local population in audits by standard systems or in the strategic sustainability partnership with Norsk Hydro. Detailed information on the partnership with Norsk Hydro can be found in the chapter Biodiversity and ecosystems under Actions.

Material impacts, risks and opportunities

For the reporting year, the Mercedes-Benz Group conducted the materiality assessment in accordance with the CSRD guidelines and the ESRS requirements for the first time. Basic information on this is described in the section Identification of material impacts, risks and opportunities in this chapter.

In addition, the Mercedes-Benz Group refocused its strategic sustainability priorities in 2024. More detailed information on the focus areas can be found in the section Strategy under Strategy, business model and value chain in this chapter. In doing so, it examined the resilience of the strategy and business model to current and future challenges. This also included the short, medium and long-term material impacts, risks and opportunities identified according to CSRD and ESRS. The Mercedes-Benz Group plans to take into account the changes that arise in the regular cycle of the materiality assessment according to CSRD and ESRS in future updates to its strategic sustainability focus areas.

The assessment of materiality has resulted in the following material impacts, risks and opportunities for the Mercedes-Benz Group.

Material impacts, risks and opportunities	Direction of effect
Climate change	
Climate change consequences along the value chain	actual negative impact
Contribution towards transition to e-mobility through electrification of vehicles[1]	potential positive impact
Development Partnerships	actual positive impact
CO_2 emissions along the value chain	actual/potential negative impact[2]
Fleet emissions[1]	risk
Purchase prices for sustainable materials[1]	risk
Increased power generation from renewable energies	actual positive impact
Energy consumption along the value chain	actual negative impact
Volatile energy prices[1]	risk
Pollution	
Air emissions in the upstream value chain and own production	actual negative impact
Water emissions in the upstream and downstream value chain[1]	potential negative impact
Ground contamination in the upstream value chain[1]	potential negative impact
Use of substances of concern and very high concern in the upstream and downstream value chain[1]	potential negative impact
Release of microplastics in the upstream and downstream value chain[1]	actual negative impact
Water and marine resources	
Reduced water availability along the value chain	actual negative impact
Impairment of water quality in the upstream and downstream value chain[1]	potential negative impact
Biodiversity and ecosystems	
Impairment of biological diversity due to CO_2 emissions and pollution along the value chain	actual negative impact
Impairment of biological diversity due to changes in land and fresh/marine water use in the upstream value chain[1]	actual negative impact
Impairment of biological diversity in the upstream value chain[1]	actual negative impact
Spread of invasive alien species in the upstream value chain and the use phase of vehicles[1]	potential negative impact
Resource use and circular economy	
Resource consumption along the value chain	actual negative impact
Recycling of vehicles[1]	potential positive impact
Waste generation along the value chain	actual negative impact

1 These impacts and risks are not material in the value chain of the own business activities.
2 The actual or potential impact depends on the value chain position.

In 2024, there were no material current financial effects from these risks and opportunities on the profitability, liquidity and capital resources, and financial position. From these risks and opportunities, no significant risk of a material adjustment to the assets and liabilities reported in the Consolidated Financial Statements was identified for 2025.

Material impacts, risks and opportunities	Direction of effect
Own workforce	
Qualification and further development of employees due to transformation	actual positive impact
Remuneration of workforce	actual positive impact
Attractive working conditions for employees (work-life balance)	actual positive impact
Changes in workplace profiles and work processes due to transformation	actual negative impact
Impairment of health and safety	actual negative impact
Changes in workplace profiles and work processes due to transformation	risk
Work-related accidents and injuries of employees	risk
Impact of skills shortage due to demographic trends and qualification requirements	risk
Financial risk associated with collective bargaining, strikes and formation of trade unions or employee representative bodies	risk
Impairment of equal opportunities of employees	actual negative impact
Promoting diversity and equal opportunities	actual positive impact
Potential child labour in the event of ineffective implementation of compliance processes	potential negative impact
Potential forced labour in the event of ineffective implementation of compliance processes	potential negative impact
Workers in the value chain	
Impairment due to long working hours[1]	actual negative impact
Inadequate remuneration in the upstream value chain[1]	potential negative impact
Restrictions on employees' freedom of association[1]	potential negative impact
Restrictions on employees' collective bargaining rights[1]	potential negative impact
Impairment of health and safety[1]	actual negative impact
Impairment of equal opportunities for employees[1]	potential negative impact
Potential child labour in the upstream value chain[1]	potential negative impact
Potential forced labour in the upstream value chain[1]	potential negative impact
Impairment due to lack of access to drinking water and sanitary facilities[1]	potential negative impact
Capital market-related investment losses related to incidents of human rights violations[1]	risk
Human rights violation in supply chains[1]	risk

1 These impacts and risks are not material in the value chain of the own business activities.

Material impacts, risks and opportunities	Direction of effect
Affected communities	
Impairment of water quality and sanitary facilities in affected communities[1]	potential negative impact
Limitation of land rights of affected communities[1]	potential negative impact
Endangerment of human rights activists[1]	potential negative impact
Limitation of rights of indigenous peoples[1]	potential negative impact
Consumers and end-users	
Development Partnerships	actual positive impact
Single cases of impairment of personal rights	actual negative impact
Individualized and digital products, services and offers[1]	opportunity
Cyberattacks	risk
Contribution to overall traffic safety[1]	actual positive impact
Reduced safety of vehicle users and other road users due to product defects[1]	actual negative impact
Traffic safety as brand/company Unique Selling Proposition (USP)[1]	opportunity
Business conduct	
Positive corporate culture through alignment with corporate principles	actual positive impact
Potential non-compliance with laws and regulations	risk
Regulatory investigations on diesel engines	risk
Money-laundering risks due to third party circumvention of sanctions (strawmen)	risk
Single cases of corruption and bribery	potential negative impact
Alleged cases of corruption	risk
Promoting and accelerating the transition towards decarbonization through electrified vehicles	actual positive impact
Deceleration of the transition towards decarbonization through electrified vehicles for economic reasons	actual negative impact

1 These impacts, risks and opportunities are not material in the value chain of the own business activities.

Environmental information

Climate change

Material impacts, risks and opportunities and their interaction with strategy and business model

The Mercedes-Benz Group has identified its material impacts, risks and opportunities related to climate change mitigation in accordance with the requirements of the ESRS. These are described in the chapter General information under Special considerations for identification of material climate-related impacts, risks and opportunities and presented in the table below.

As a player in the transport sector, the Mercedes-Benz Group supports the Paris Climate Agreement. The Group is convinced of the targets of the agreement and has confirmed decarbonization as a core strategic element and one of the most important sustainability focus areas. The ambition of the Mercedes-Benz Group is: by 2039, the entire Mercedes-Benz new vehicle fleet is to be net carbon-neutral[1] along the entire value chain and over the vehicles' entire life cycle. In addition to decarbonizing the supply chain, the Mercedes-Benz Group sees the electrification of its vehicle fleet as an important lever. Mercedes-Benz Cars and Mercedes-Benz Vans are taking the necessary steps to go all-electric. The Mercedes-Benz Group actively supports its customers in switching to emission-free mobility through electric vehicles and green charging options. The pace of transformation is determined by market conditions, the infrastructure and consumer behaviour. Mercedes-Benz Cars and Mercedes-Benz Vans plans to be in a position to cater to different customer needs, whether it's an all-electric drivetrain or an electrified or a high-tech combustion engine, if necessary until well into the 2030s. To this end, production has been set up to be flexible in terms of drive systems. To further develop its product portfolio, the Mercedes-Benz Group is making use of efficiencies between new and existing model series.

Another lever with regard to the "Ambition 2039" is the decarbonization of production. In order to consistently reduce CO_2 emissions at its own locations, the Mercedes-Benz Group relies on the purchase of green electricity, the expansion of renewable energies and the implementation of a sustainable heat supply.

Information on the analysis of the resilience of the Group's strategic sustainability focus areas with regard to material impacts, risks and opportunities can be found in the chapter General information under Material impacts, risks and opportunities.

1 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.

Climate change – material impacts, risks and opportunities	Direction of action	Time horizon	Localization	Value chain position		
Climate change adaption						
Impacts						
Climate change consequences along the value chain	negative	short-term	local, regional	VU	OA	VD
Climate change mitigation						
Impacts						
Contribution towards transition to e-mobility through electrification of vehicles	positive	long-term	global			VD
Development Partnerships	positive	short-, medium- & long-term	global	VU	OA	
CO_2 emissions along the value chain	negative	short-term	global	VU	OA	VD
Risks						
Fleet emissions[1]		medium-term	regional			VD
Purchase prices for sustainable materials[1]		medium- and long-term	global	VU		
Energy						
Impacts						
Increased power generation from renewable energies	positive	short-term	local		OA	
Energy consumption along the value chain	negative	short-term	local, regional, global	VU	OA	VD
Risks						
Volatile energy prices[1]		short-, medium- & long-term	global	VU		

1 Climate-related transition risks.

VU = Value chain upstream OA = Own business activity VD = Value chain downstream

= actual = potential = ESRS compliant target filed

In addition to the overarching materiality assessment, the Mercedes-Benz Group has carried out a climate-specific scenario and resilience analysis. The climate scenarios are described in the chapter General information under Identification of material impacts, risks and opportunities.

Building on the results of the scenario analysis on transitory risks and opportunities, the resilience analysis examined the interactions with the current strategy and business model of the Mercedes-Benz Group. This included the horizons of 2030 and 2050, as well as the coverage of the value chain in accordance with the scenario analysis. For this purpose, actions already implemented and planned were collected and qualitatively assessed in terms of their effectiveness over the time horizons. The Group's ability to implement mitigation and adaptation strategies was examined. For this purpose, several guided interviews were conducted with internal experts using a methodology based on the scenario analysis.

The climate scenario and resilience analysis produced the following results:

Technological development
The climate scenarios predict that the share of electric vehicles in the global sales market will increase significantly by 2030 and will make up the vast majority by 2050. The speed and scope of the transition vary between the scenarios; in the case of the NZE scenario, it will already be well advanced by 2030. This development affects both passenger cars and light commercial vehicles. It therefore implies the requirement for the Mercedes-Benz Group to be able to flexibly adapt its product range, production facilities and the upstream value chain.

Market
Due to global transformation and digitalization, the demand for more sustainable materials such as CO_2-reduced steel and battery raw materials is increasing – especially in the ambitious NZE scenario.

Commodity markets are volatile, particularly against the backdrop of ongoing geopolitical tensions and global bottlenecks. Rising demand and commodity speculation could further increase the level and volatility of the prices of these materials in the medium and long terms.

Regulation and political parameters
Increasing regulatory requirements can lead to technical or financial challenges. Regulations on vehicle emissions and fuel consumption play an important role in this – for example, the EU's CO_2 emission standards for passenger cars and light commercial vehicles.

Physical climate risks
In the context of physical climate risks, particularly a scenario with high emissions (SSP5-8.5 scenario), shows potential risks from changing climatic conditions. The Group considers site-specific legal requirements and communicates these regulations for construction projects as part of mandatory training. These requirements are the basis for planning new buildings, renovations and extensions. For example, statically relevant factors such as necessary wind and snow loads are considered. In addition, preventive measures are initiated for climatic influences such as flooding, heat, heavy rain and lightning.

Assessment of resilience
The Mercedes-Benz Group is addressing the identified challenges on both strategic and operational level.

The most important lever of the product strategy over the medium and long term is the electrification of the vehicle fleet. This not only makes it possible to meet ambitious fleet targets in the correspondingly regulated markets, but also serves to achieve the climate change mitigation goals set by the Mercedes-Benz Group as part of its "Ambition 2039". Further information on the strategic integration of decarbonization can be found under Transition Plan for climate change mitigation in this chapter and for responsibilities and data transparency as well as monitoring, in the chapter Climate change mitigation in the downstream value chain under Policies.

Thanks to early investments in flexible manufacturing and the use of a state-of-the-art production system, the Group can manufacture all-electric vehicles in volume production and serve the market with various drive technologies.

The Group assumes that the global share of electric vehicles and plug-in hybrids in new car sales will reach up to 50% in the second half of this decade. The pace of the transformation will be determined by market conditions, the infrastructure and consumer behaviour. Further information can be found in the chapter Climate change mitigation in the downstream value chain under Actions.

As part of this adaptation of the product portfolio and means of production, extensive investments are necessary. Further information can be found in the chapter EU Taxonomy.

To ensure the supply of sustainable materials, several approaches are being pursued, including active and strategic involvement of key suppliers and partnerships. Further information can be found in the chapter Climate change mitigation in the upstream value chain under Actions. The Mercedes-Benz Group systematically and actively addresses the transition of the energy mix to renewable energy sources required for the decarbonization of its business activities, both within the Group and throughout the supply chain. Further information can be found in the chapter Climate change mitigation in the upstream value chain as well as the chapter Climate change mitigation in own business activities under Purchase of green electricity and expansion of renewable energies.

Overall, the Mercedes-Benz Group has the capabilities to adapt its strategy and business model to the identified challenges of climate change, provided that these fall within the considered scenario framework.

Transition plan for climate change mitigation

Decarbonization is one of the focus areas in the sustainable business strategy. With “Ambition 2039”, the Mercedes-Benz Group is pursuing the goal of net carbon neutrality[1] in the new vehicle fleet from 2039 across all stages of the value chain and the entire life cycle and is transforming its products and services accordingly.

The transition plan for climate change mitigation developed by the Mercedes-Benz Group outlines the steps to achieve the short- and long-term targets on the way to net carbon neutrality[1]. It describes how the Group’s organization, strategy and processes are aligned with the challenges of the transformation and the targets of the Paris Climate Agreement.The Board of Management approved the refocused strategic focus areas of sustainability in the reporting year with the involvement of the Supervisory Board and is therefore responsible for implementing them. More detailed information can be found in the chapter General information under Strategy, business model and value chain.

The members of the Supervisory Board contribute to the Mercedes-Benz Group’s transformation plan with their expertise in global transformation in other industrial sectors and, in this way, support management in meeting the challenges ahead.

The Mercedes-Benz Group supports the Paris Climate Agreement. In 2020, the Mercedes-Benz Group joined the climate change mitigation promise “The Climate Pledge” and committed to meeting the targets of the Paris Climate Agreement ten years earlier than specified in the agreement. In addition, the Group is a member of the “Transform to Net Zero” initiative, thus reaffirming its ambition to improve the framework conditions for decarbonizing the economy and society worldwide.

The medium-term emission reduction target (Scope 1[2] and 2[3]) by Mercedes-Benz Cars and Mercedes-Benz Vans was scientifically validated as 1.5°C-aligned by the external Science Based Targets initiative (SBTi) in 2019. They committed to reducing absolute Scope 1 and Scope 2 emissions in the production plants by 50% by 2030 compared to 2018. This target was already achieved in 2022, which is why the Mercedes-Benz Group plans to reduce CO_2 emissions in the production plants (Scope 1 and Scope 2) by 80% by 2030 compared to 2018.

1 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.
2 Scope 1: direct emissions from sources that are directly responsible or controlled by the Group.
3 Scope 2: indirect emissions from purchased energy, such as electricity or district heating, which is generated externally but consumed by the Group.

The SBTi has published interim guidance for the transport sector, which is valid until a final 1.5°C compliant reduction path for the automotive industry (sector-based decarbonization approach) is developed. The Mercedes-Benz Group is reviewing the criteria and requirements of the corresponding transitional arrangement.

To implement its climate targets, the Mercedes-Benz Group identified the supply chain, logistics, production, and the use phase of its vehicles as a lever for decarbonizing its business model. Decarbonizing the supply chain focuses on sourcing production materials that are net carbon-neutral. For global logistics, the Group relies on an optimal transport mix of road, rail, air, and water freight. Through process optimization, the Group aims to avoid and reduce CO_2 emissions. The Group uses renewable energies in production. A large proportion of the Mercedes-Benz Group's Scope 3[1] emissions arise during the use phase of the vehicles[2] (locked-in emissions), which includes fuel and electricity production (well-to-tank) and driving operation (tank-to-wheel). To reduce these emissions, the Group is focusing on fully electrifying the vehicle fleet, charging with green electricity, and optimization battery technology.

Mercedes-Benz Cars and Mercedes-Benz Vans anticipate that the global share of electric cars and plug-in hybrids in new car sales will reach up to 50% in the second half of this decade. The pace of transformation is determined by market conditions, the infrastructure and consumer behaviour.

Information on the Group's strategy, organization and processes as well as actions and results can be found in the following sections.

The implementation status of the transition plan is reflected in the CO_2 emission values, which can be found in the Metrics section of this chapter, and the share of electrified vehicles in the unit sales (xEV share) of the Mercedes-Benz Group, which can be found in the chapter Business development.

Information on sustainable investments by the Mercedes-Benz Group is reported in the chapter EU Taxonomy. Due to the volatile developments, the Mercedes-Benz Group is not currently categorising its forward-looking information on sustainable investments.

In the reporting year, the Mercedes-Benz Group had no information on non-compliance with the exclusion criteria in connection with the EU Paris-aligned Benchmarks.

Ambition and targets

External and internal sustainability requirements at the Mercedes-Benz Group are anchored in a target system approved by the Board of Management. The Group reviews the targets and their achievement annually. The production-related targets are broken down at plant level in a standardized process.

The Mercedes-Benz Group uses internal processes to monitor the progress and effectiveness of its policies and actions. The Group also collects relevant metrics, which are published in the Metrics section of this chapter. The Group uses the reported metrics to internally measure the impact of the policies described.

1 Scope 3: All (not included in scope 2) indirect emissions that occur in the value chain of the Group, including both upstream and downstream emissions.
2 See table Mercedes-Benz Group greenhouse gas emissions – Scope 1, Scope 2 and Scope 3, category 11.

Overarching ambition

- "Ambition 2039": Create a net carbon-neutral[1] Mercedes-Benz new vehicle fleet along the entire value chain and over the entire life cycle.
- The market conditions, the infrastructure and the consumer behaviour determine the course of the transformation. The Group aims to reduce CO_2 emissions per passenger car in the new vehicle fleet up to 50% across all stages of the value chain over the entire lifecycle within the next decade[2].

Lever[3] upstream value chain

- All production materials procured by Mercedes-Benz Cars and Mercedes-Benz Vans are net carbon-neutral by 2039.
- Mercedes-Benz Cars and Mercedes-Benz Vans: Reduce CO_2 emissions in logistics by 60% by 2039 compared to 2021.

Lever own business activities: Production

- Target: Reduce CO_2 emissions in production (Scope 1[4] and 2[5]) by 80% by 2030 compared to 2018[6, 7, 8].
- Target: Increase the share of renewable energies in production to 100% by 2039[8].
  - Milestone: Increase the share of renewable energies to cover energy consumption to 70% at Mercedes-Benz Cars and to 80% at Mercedes-Benz Vans by 2030[8].
- Target: Mercedes-Benz Cars – Reduce the specific energy consumption in production per vehicle by 36% by 2030 compared to 2023[8, 9, 10].
- Target: Mercedes-Benz Vans – Reduce the specific energy consumption in production per vehicle by 16% by 2030 compared to 2023[8, 9, 11].

Lever downstream value chain

- Increase the share of electrified vehicles[12] in the respective new car fleets of Mercedes-Benz Cars and Mercedes-Benz Vans to up to 50% in the second half of the decade[13].

1 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.
2 Compared to 2020.
3 The levers for decarbonizing its business model are described by the Mercedes-Benz Group in the transition plan.
4 Scope 1: direct emissions from sources that are directly responsible or controlled by the Group.
5 Scope 2: Indirect emissions from purchased energy, such as electricity or district heating, which is generated externally but consumed by the Group. The target is based on the market-based approach.
6 The year 2018 was selected as the base year during the SBTi validation in 2019. The SBTi recommended choosing the most recent year for which data are available. In 2018, Scope 1 emissions amounted to 650,000 metric tons of CO_2 and Scope 2 emissions amounted to 1,040,000 metric tons of CO_2. The reduction of Scope 2 emissions makes the greater contribution to achieving the target. Scope 1 and Scope 2 emissions in the reporting year, see table "Further information on greenhouse gas emissions Scope 1 and Scope 2".
7 The set reduction target, to reduce CO_2 emissions in its own plants (Scope 1 and 2) by 50% compared to 2018 by 2030 was confirmed by the SBTi as 1.5°C-aligned in line with the Paris Climate Agreement. Since this target was already achieved in 2022, the Mercedes-Benz Group aims to further reduce CO_2 emissions in production (Scope 1 and Scope 2) and has increased its reduction target to minus 80%. Actions taken to achieve the target are described in the chapter "Climate change mitigation in own business activities".
8 Status in the reporting year: according to plan.
9 Revision of target system, adjustment of base year from 2013/14 to 2023, degree of tension maintained/increased.
10 In 2023, the specific energy consumption in production at Mercedes-Benz Cars was 2.97 MWh/vehicle.
11 In 2023, the specific energy consumption in production at Mercedes-Benz Vans was 2.26 MWh/vehicle.
12 Mercedes-Benz Cars: plug-in hybrids and all-electric vehicles, Mercedes-Benz Vans: all-electric vehicles.
13 The transformation is determined by the market conditions, the infrastructure and the consumer behaviour.

Climate change mitigation in the upstream value chain

Policies

The Mercedes-Benz Group pursues the approach of avoiding, reducing, or, where possible, preventing negative environmental impacts in the upstream value chain.

Decarbonization of the supply chain
With its "Ambition 2039", the Mercedes-Benz Group is striving for a net carbon-neutral[1] new vehicle fleet across all stages of the value chain and the entire life cycle. The decarbonization of the supply chain plays an important role in this.

For future model series and vehicle architectures, suppliers of Mercedes-Benz Cars and Mercedes-Benz Vans must meet CO_2 reduction targets and implement appropriate actions. This applies in particular to suppliers of components and focus materials such as steel, aluminium, polymers, or battery cells, as these are CO_2 and energy intensive to manufacture. To promote suppliers and business partners in the transformation, Mercedes-Benz Cars and Mercedes-Benz Vans use three instruments:

- In the "Ambition Letter", which is contractually mandatory for all new contracts, the suppliers of Mercedes-Benz Cars and Mercedes-Benz Vans guarantee that from 2039 they will only supply products that are net carbon-neutral.
- Mercedes-Benz Cars and Mercedes-Benz Vans have integrated target values for CO_2 emissions into their award criteria. The focus is on CO_2-intensive components and materials. The targets not only affect direct suppliers; they also apply to the upstream extraction of raw materials and the production of components.
- In addition, Mercedes-Benz Cars and Mercedes-Benz Vans are working with selected partners to reduce CO_2 emissions in the supply chain through innovative technologies. The focus is on the production of important components such as battery cells or body-in-white components.

The right battery technologies and access to raw materials are crucial for the expansion of electromobility. The Mercedes-Benz Group purchases battery cells and modules from various partners on the global market in order to have access to the latest technologies on the market and to supply the global Mercedes-Benz production network.

The Group is committed to expanding strategic partnerships with direct suppliers whose own production is net carbon-neutral and who have ambitious carbon reduction targets.

Transformation at the suppliers
The Responsible Sourcing Standards (RSS) are the central contractual document for sustainability requirements for suppliers and represent the guard rails of supply chain management. They contain minimum requirements in the areas of environmental due diligence, climate change mitigation, resource conservation, biodiversity, deforestation and water, among others. In line with the German Supply Chain Due Diligence Act (LkSG), the Mercedes-Benz Group sets out clear sustainability requirements and more far-reaching expectations for suppliers with the RSS, which go beyond the legal requirements.

In addition to these minimum requirements, the RSS sets out expectations and presents a non-binding perspective for the coming years. These form the basis for strategy dialogues. The RSS is therefore an important tool for conveying the Mercedes-Benz Group's ambitious targets into the complex supply chains. The ambition is to raise awareness among suppliers beyond the legal requirement and to motivate them to make greater efforts in the area of sustainability.

Suppliers who supply Mercedes-Benz Cars and Mercedes-Benz Vans with production materials must have a certified environmental management system (ISO 14001 or the Eco-Management and Audit Scheme (EMAS)). The same requirement also applies, on a risk-based basis, to suppliers of non-production materials and services.

1 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.

The Mercedes-Benz Group has been applying the RSS since 2023, thereby tightening its sustainability requirements. They define minimum requirements and expectations for Tier 1 suppliers and contractually oblige them to comply with the requirements and to communicate them to upstream value chains. As a central contractual document for sustainability requirements, they are used internationally.

Supplier management
The Board of Management of the Mercedes-Benz Group AG is responsible for defining CO_2 targets for the supply chain and for reviewing them.

Representatives from purchasing, corporate environmental protection and component development are working to implement the strategic direction for reducing CO_2 emissions in the supply chain in close cooperation with suppliers of CO_2-intensive materials and production.

The implementation of concrete actions to reduce CO_2 emissions is discussed directly with suppliers.

Progress in reducing CO_2 emissions in the supply chain is reported at regular intervals to the Group Sustainability Committee (GSC).

Decarbonization of logistics
On the way to net carbon-neutral[1] transport logistics, the Group is committed to avoiding and reducing the CO_2 emissions generated in the global transport network for Mercedes-Benz Cars and Mercedes-Benz Vans.

Actions

The following actions contribute to CO_2 reduction in the supply chain and logistics, which represent two levers for decarbonizing the business model.

CO_2-reduced production materials
To reduce CO_2 in the supply chain, Mercedes-Benz Cars and Mercedes-Benz Vans are focusing on materials and components that have high carbon emissions. These include steel, aluminium, certain plastics and battery cells. Quantitative interim targets for CO_2 emissions in the supply chains were derived from the results of the supplier discussions and the target values were integrated into the award criteria. Mercedes-Benz Cars and Mercedes-Benz Vans consistently use CO_2 specifications as key criteria when awarding contracts for the Mercedes-Benz Modular Architecture (MMA) as well as for the Mercedes-Benz Electric Architecture (MB.EA) and Mercedes-Benz Van Architecture. The first vehicles based on these architectures will come onto the market from 2025.

Battery
The battery is the single component of an electric vehicle with the highest carbon footprint. Mercedes-Benz Cars and Mercedes-Benz Vans have agreed with their strategic partners to purchase battery cells from net carbon-neutral production. Since 2019, net carbon-neutral production has been a key requirement for direct suppliers of battery cells when awarding contracts. In order to achieve this, ambitious quantitative reduction targets for the CO_2 emissions of battery cells have been set. The aim is to consistently reduce CO_2 emissions and, where possible, completely avoid them.

In addition, both segments continue to negotiate with actors across the entire supply chain, including electrode producers, refineries and mines. In addition to respecting human rights, the increased use of renewable energy is a key requirement.

To ramp up EV mass production, both the right battery technology partners and access to raw materials are needed. The Mercedes-Benz Group basically has a strategy for all raw materials that are sourced directly and indirectly that secures long-term needs and mitigates supply risks in the long term. In order to prevent the risks of global supply chain disruptions, among other things, the Group also pursues a local-for-local approach with several suppliers.

1 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.

Steel
When manufacturing an electric vehicle, steel accounts for up to 20% of total CO_2 emissions. Mercedes-Benz AG intends to purchase over 200,000 metric tons of CO_2-reduced steel annually from suppliers for its own press plants this decade.

Mercedes-Benz AG works with steel suppliers and supports them in their transformation. The availability of CO_2-reduced steel and thus the construction of industrial direct reduction plants and smelting units are important prerequisites for decarbonizing the steel supply chain and thus reducing the carbon footprint of Mercedes-Benz vehicles.

The Mercedes-Benz Group has entered into various partnerships worldwide to enable the procurement of CO_2-reduced steel in the long term. Selected partners guarantee to supply the Mercedes-Benz Group with specified quantities of CO_2-reduced steel during contractually agreed periods. This steel will be used for manufacturing vehicles.

Aluminium
Since 2023, the aluminium manufacturer Hydro (Norsk Hydro ASA, Norway) has been supplying the foundry at the Untertürkheim plant (Germany) with CO_2-reduced aluminium. The carbon footprint is almost 70% lower than that of the material used on average in Europe. After a successful test phase, the low-CO_2 aluminium was integrated into the series production of selected models. As part of its technology partnership with Hydro, Mercedes-Benz Group AG aims to use aluminium with a carbon footprint that is up to 90% lower than the European average in 2024 in its vehicles by 2030.

In addition, Mercedes-Benz Group AG has continued to work with its suppliers on decarbonizing the aluminium supply chain for production in Europe and amended existing supply contracts accordingly. At least a third of the primary aluminium used in Europe for upcoming electric models from 2025 onwards is to be produced using renewable energies. This can lead to a CO_2 reduction of up to 50% compared to conventionally produced aluminium used in Europe.

Data transparency
To evaluate suppliers regarding their corporate strategies and targets for climate change mitigation as well as specific CO_2 emissions, Mercedes-Benz Cars and Mercedes-Benz Vans work with CDP (formerly Carbon Disclosure Project). Since 2019, suppliers have been presenting their environmental impacts and climate change mitigation efforts in the CDP Supply Chain questionnaire, thereby promoting data transparency.

The Mercedes-Benz Group is a founding member of the Catena-X cooperation project. The ambition is to enable secure, sovereign and standardized data exchange across all participants in the automotive value chain. Catena-X is intended to support the Mercedes-Benz Group, among other things, in checking whether and to what extent suppliers comply with specified sustainability requirements. From the raw material mines to recycling, the data chain is to be supplemented with CO_2 data from each company, thus enabling a product-specific carbon footprint with the highest possible proportion of primary data.

Logistics
Shifting the transport volume to rail can make a significant contribution to avoiding CO_2. The Mercedes-Benz Group therefore takes the approach of transporting vehicles by rail, among other things. In addition to avoiding air freight, the Group and transport service providers rely on the use of Sustainable Aviation Fuel (SAF). In order to reduce CO_2 emissions in sea transport as well, the Mercedes-Benz Group is working closely with its transport service providers and is using biofuels as a bridging technology with them. In the reporting year, the Group was able to implement several projects with various transport service providers.

Climate change mitigation in own business activities

Policies

The Mercedes-Benz Group has set itself the goal of reducing CO_2 emissions across its entire business activity and, if possible, avoiding them. This includes all Mercedes-Benz locations worldwide.

To this end, the Mercedes-Benz Group relies on the purchase of green electricity, the expansion of renewable energies, the implementation of a sustainable heat supply and the optimization of energy efficiency at its own locations.

The Mercedes-Benz Group's locations obtain 100%[1] of their external electricity from renewable energies. In Germany, the Mercedes-Benz Group currently relies on a mix of solar, wind and hydropower for external electricity procurement.

When supplying heat to the production sites, the reduction of CO_2 emissions from fossil sources is being pushed forward. The Group is relying, for example, on the use of heat pumps powered by green electricity, district heating, waste heat, geothermal energy and bioenergy as well as the electrification of production processes.

To convey the policies to stakeholders, the Mercedes-Benz Group relies on dialogues on climate change mitigation. Further information on the different formats used by the Mercedes-Benz Group to enter into dialogue with its stakeholders is described in the chapter Strategy under Interests and views of stakeholders.

CO_2 compensation

All locations[2] of the Mercedes-Benz Group have been operating net carbon-neutral[3] since 2022 in terms of Scope 1 and Scope 2. Since 2022, all Scope 1 and 2 emissions from these locations that could not previously be avoided have been compensated for by carbon offsets from qualified climate change mitigation projects. Since 2023, the net neutrality also includes other greenhouse gases that are stated in CO_2 equivalents.

The Mercedes-Benz Group aims for high quality in its compensation projects and continuously develops its compensation portfolio. According to the IPCC, the global climate targets cannot be achieved through reduction actions alone. In addition, CO_2 must also be removed from the atmosphere. The Mercedes-Benz Group has therefore been expanding its portfolio to include CO_2 removal projects since 2023.

Responsibilities and organization of production sites

The Board of Management of the Mercedes-Benz Group AG is responsible for implementing the environmental protection requirements (air pollution control, water protection, avoiding soil and groundwater pollution, biodiversity, sustainable use of resources). The Group management is responsible for strategic control and coordination.

The Group has more than 30 production sites worldwide, each of which is subject to different regional and national laws. Environmental protection in production is controlled and coordinated across all business areas for the regions of Germany/Europe, North-/South America/-Africa and Asia by three committees. In the committees, environmental protection managers can network across the Group and plants and exchange information on legislation, processes and innovations. In addition, binding internal standards and procedures are developed there worldwide.

Monitoring process of Mercedes-Benz sites

The Mercedes-Benz Group systematically collects the most important environmental and energy data from its locations to monitor the reduction targets and for reporting purposes. This data is evaluated worldwide in a central environmental data information system. The Mercedes-Benz Group uses this data to check the extent to which the climate and environmental targets

1 The Mercedes-Benz Group verifies this for every electricity contract worldwide through certificates of origin.
2 All considered locations in the respective reporting year of the Sustainability Statement.
3 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.

for the plants are being achieved. The corresponding environmental protection measures aimed at achieving the objectives are documented in an internal database and their effectiveness is systematically monitored.

Group-wide environmental and energy management

The Mercedes-Benz Group has established and certified an environmental management system in accordance with ISO 14001 at its own locations worldwide in order to ensure efficient, high-quality and environmentally friendly production. Selected locations in Germany and the two European production locations in Kecskemét (Hungary) and Vitoria (Spain) are also EMAS registered organizations. In addition, the German production locations have had energy management systems in accordance with ISO 50001 since 2012, which the Group has recertified every three years. Outside Germany, the Mercedes-Benz Group operates ISO 50001 systems at some locations, for example in Kecskemét (Hungary), Jawor (Poland), Sebes (Romania), Vitoria (Spain) and Pune (India). The individual divisions and production locations control the careful use of resources. They set overarching and location-specific targets and report on these to the responsible management. This approach is derived from the system of targets that was adopted by the Board of Management of the Mercedes-Benz Group AG as part of the sustainable business strategy.

With its environmental and energy management systems, the Mercedes-Benz Group ensures, among other things, clear responsibilities and a transparent, standardized implementation of internal and external environmental protection and energy efficiency requirements.

The effectiveness of the management systems is checked by external assessors as part of the certification (ISO 14001, ISO 50001) and validation (EMAS) as well as in the environmental area via internal environmental risk assessments (environmental due diligence process). If relevant risks or deficiencies are identified in the areas of waste management, emissions to air, wastewater discharges and soil/groundwater pollution as well as in the handling of environmentally hazardous substances, the Group records, prioritizes and reduces or eliminates these.

The environmental due diligence process has been applied across the Group since 1999, both internally at all production sites that are majority-owned by the Group and at externally operated contract and licensed manufacturing facilities. Every five years, the Group inspects and evaluates the environmental risk of its production sites using a standardized process. The results are reported to the respective plant and management teams so that optimizations can be made where necessary. The Group also checks annually to what extent the recommendations for risk minimization have been implemented at the sites.

Actions

The following actions contribute to reducing CO_2 in production, which represents a lever for decarbonizing the business model. By purchasing green electricity and expanding renewable energy at its own sites, the Mercedes-Benz Group has already been able to significantly reduce CO_2 emissions in production. To further reduce CO_2 emissions, the Mercedes-Benz Group is focusing on sustainable heat supply measures and optimizing energy efficiency.

Expansion of renewable energies

The Mercedes-Benz Group is planning to expand and install photovoltaic systems (PV systems) at its locations worldwide. PV systems have already been installed at ten production locations, and PV systems at three additional locations are nearing completion. In addition, potential new locations for PV systems are continuously being evaluated.

Another focus of the Group's energy strategy is expanding the portfolio to include wind energy from onshore and offshore wind farms. In the offshore sector, the Group has concluded a power purchase agreement (PPA) with an energy supplier for the supply of electricity from the Windanker wind farm in the Baltic Sea. This will secure the Mercedes-Benz AG 140 MW of renewable electricity from 2027, covering around 30% of its electricity needs in Germany. In September 2022, the Mercedes-Benz Group began planning to install a wind farm on its test site in Papenburg, northern Germany. In the coming years,

around 20 wind turbines with an output of around 120 MW are to be built on the site as part of a PPA with a German energy park developer. This will cover up to 20% of Mercedes-Benz AG's annual electricity needs in Germany.

When planning project implementation and the ecologically sustainable use of the land, the Mercedes-Benz Group works closely with the relevant local authorities and interest groups. The expansion of its own production facilities also increases independence from volatile energy prices.

Heat supply
The Mercedes-Benz Group is taking various actions to further reduce the use of fossil fuels in heat supply and thereby further reduce CO_2 emissions. Surface geothermal energy is already being used at the production sites in Rastatt and Kamenz (both Germany). Several production sites in Germany receive district heating with varying proportions of renewable energy. Immendingen (Germany) and Jawor (Poland) receive heat from biomass heating plants. In the future, heat pumps powered by green electricity are also to be put into operation at the sites in Kecskemét (Hungary) and Tuscaloosa (USA). There are also plans to use production waste heat and electrify production processes. In addition, interdisciplinary teams across sites are examining how renewable heat generation can be further expanded.

Energy efficiency and consumption
The Mercedes-Benz Group is taking various measures to reduce its CO_2 emissions in production by optimizing energy efficiency and reducing energy consumption.

The Group sensitizes its workforce to energy saving in order to raise awareness and actively shape sustainability issues – including publicly visible tips, training courses and initiatives. The Mercedes-Benz Group also pays attention to high energy efficiency when purchasing new production facilities and renovating buildings. The focus is on the controls of all technical equipment and components as well as transparent measurement of consumption values. Another important criterion is that the production facilities can be switched off during breaks and when not in production and can also be operated efficiently under partial load.

Further actions to increase energy efficiency include the efficient control of energy supply and building technology systems. The Mercedes-Benz Group uses new technologies to further optimize existing energy-intensive processes. For example, the Group has thus begun energetically optimizing production facilities during series operation using a data-driven approach to make the process more demand-oriented and, consequently, more energy-efficient.

In addition, the Group uses heat recovery systems in building ventilation systems, for example, in order to utilize waste heat from the buildings and thus consume less energy.

In order to identify and exploit further savings potential, the Mercedes-Benz Group measures and evaluates key energy consumption. Transparency regarding energy procurement and consumption is created by innovative energy management software implemented across the Group. The software records and analyses consumption for locations and buildings as well as for individual systems.

CO_2 compensation
Remaining greenhouse gas emissions from Mercedes-Benz locations arise in particular from the natural gas-powered combined heat and power plants that generate electricity and heat. To compensate for remaining emissions, the Mercedes-Benz Group invests in climate change mitigation projects. The portfolio includes, among other things, offset projects for CO_2-reduced drinking water treatment in Nigeria and Kenya. These not only avoid greenhouse gas emissions, they also promote sustainable, social and ecological development in the project countries in many ways. Additional information on the quality criteria is presented in this chapter under Metrics.

Furthermore, the Mercedes-Benz Group supports the development of CO_2 removal solutions with high quality and integrity. Since the reporting year 2023, the Group has been making an annually increasing contribution to a high-quality biochar project and has since been expanding its portfolio of CO_2 removal projects, among other things, through nature-based solutions.

Climate change mitigation in the downstream value chain

Policies

The Mercedes-Benz Group sees the complete electrification of its product range as the most important contribution to decarbonizing the use phase of its vehicles.

CO_2 emissions are not only generated during the manufacture of components for all-electric vehicles, but also during the generation of charging current. All-electric vehicles are more climate-friendly the more charging current comes from renewable sources. Against this background, the Green Charging initiative is a further step on the way to net carbon-neutral[1] mobility: With it, the Mercedes-Benz Group enables its customers to charge their vehicles with green electricity. Green electricity certificates ensure that an equivalent amount of electricity from renewable energies is fed into the power grid for the charging processes.

Responsibilities and data transparency

The Board of Management of the Mercedes-Benz Group AG is responsible for setting and reviewing strategic targets, including reducing CO_2 emissions. Within the Board of Management, responsibility for climate change mitigation is distributed among several divisions and Board members.

The CO_2 Product Strategy department is responsible for ensuring that demanding consumption and portfolio actions to meet CO_2 fleet regulations are implemented early and in the most cost-effective way possible. During the operational period, the sales department is responsible for managing the achievement of CO_2 targets.

An interdisciplinary team of environmental experts and specialists in purchasing, development, logistics, production, strategy and sales is working on the net carbon neutrality[1] of the new car fleet by 2039. The team monitors CO_2 emissions across all stages of the value chain, manages reduction actions and creates the necessary transparency within the Group.

Monitoring

In order to be able to assess how environmentally friendly a vehicle is, Mercedes-Benz Cars creates life cycle assessments as part of a 360° environmental check. The resulting CO_2 emissions and other environmental impacts are systematically analysed along the entire value chain of a vehicle.

The Mercedes-Benz Group uses internal performance assessments to evaluate the effectiveness of the actions it intends to take to achieve its “Ambition 2039” targets. To this end, it conducts internal audits at departmental level several times a year.

In order to be able to comprehensively record and control the CO_2 contribution of the individual areas, data transparency over the entire life cycle is the key lever. For this purpose, the Mercedes-Benz Group has developed an internal monitoring tool for CO_2 calculation. It makes it possible to accurately depict climate-relevant emissions and track progress towards the CO_2 targets down to the component level. At the same time, the fleet level can also be considered.

Further development through exchange and initiatives

The Mercedes-Benz Group relies on dialogue on the topic of climate change mitigation. At the annual Sustainability Dialogue, it maintains an intensive exchange with environmental institutes and non-governmental organizations (NGOs). Politicians, the

1 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.

general public and other stakeholders provide the Mercedes-Benz Group with ongoing feedback on how the Group's own sustainability targets are perceived and assessed. Further information on the different formats used by the Mercedes-Benz Group to enter into dialogue with its stakeholders is described in the chapter Strategy under Interests and views of stakeholders.

Actions

The following actions contribute to reducing CO_2 emissions during the use phase of the vehicles, which represents a lever for decarbonizing the business model.

Electrification of Mercedes-Benz Cars and Mercedes-Benz Vans
The Mercedes-Benz Group sees the electrification of its vehicles as the greatest lever for decarbonization. The information on operating expenses and investments for the reporting year with regard to the Taxonomy-aligned shares for the economic activity 3.3 "manufacture of low-carbon technologies for transport" of the Mercedes-Benz Group is presented in the chapter EU Taxonomy. The research and development expenses of the Taxonomy-aligned shares of the "manufacture of low-carbon technologies for transport" are expected to remain at a similar level as in previous years. In order to take into account the different customer requirements and market developments, the Mercedes-Benz Group has positioned itself as flexible with respect to drive systems over the next few years. Due to the volatile developments, the Mercedes-Benz Group is currently not specifying its forward-looking statements regarding the manufacture of low-carbon technologies for transport in more detail.

Electrified product range at Mercedes-Benz Cars
The Mercedes-Benz Group has the ambition to further expand its range of electric vehicles in all model variants and vehicle types. The commitment to research and development is correspondingly strong. The Group has been offering all-electric vehicles since 2018. The electric G-Class was presented in the reporting year, bringing the Mercedes-Benz Cars portfolio to ten all-electric models in 2024. At the same time, highly efficient and low-emission combustion engines and plug-in hybrids (Plug-in-Hybrid Electric Vehicle – PHEV) complement the product portfolio and thus also make an important contribution to the decarbonization of transport. In the second half of the decade, all newly introduced vehicle architectures are to be electrified. In 2025, the Mercedes Modular Architecture (MMA), which focuses on electromobility, is to be introduced for vehicles from the Entry segment. Mercedes-Benz Cars plans to introduce two further all-electric architectures in the Top-End and Core segments in 2026: the Mercedes-Benz Electric Architecture (MB.EA) and AMG Electric Architecture (AMG.EA) (BEV architecture generations).

Concept CLA Class – the electric and efficient future of Mercedes-Benz
During the reporting period, the Group developed the Mercedes-Benz Modular Architecture (MMA) – an architecture primarily geared towards electric vehicles that has been specifically designed for a vehicle family consisting of four models with different body variants.

The Concept CLA Class offers a near-production preview of what will be possible in the future in terms of efficiency and electric range. The projected range (WLTP) of the Concept CLA Class is expected to be more than 750 km and the expected energy consumption around 12 kWh/100 km. The technology that can achieve these values is based on the findings of the VISION EQXX technology programme. Within the programme, actions were identified that can further reduce previous energy losses. The new drivetrain, based on the VISION EQXX, from the battery to the wheels, can achieve an efficiency of up to 93% on long-distance journeys.

Plug-in hybrids
Plug-in hybrids are also an important bridging technology on the way to an all-electric future. The combination of electric drive and combustion engine enables temporarily local CO_2 emission-free driving. The drive – consisting of an electric motor and high-voltage battery – can enable purely electric ranges that are sufficient for the majority of daily journeys. Around 40 model variants in the portfolio enable electric ranges of up to 130 km according to WLTP.

Electrification at Mercedes-Benz Vans
The Mercedes-Benz Group is also convinced of the ecological and economic advantages of all-electric vans in the van business and has firmly anchored its claim to leadership in electromobility in its strategy. Mercedes-Benz Vans is thus also setting the course for an all-electric future.

From 2026, all newly developed mid-size and large all-electric vans from Mercedes-Benz Vans are to be based on the modular, flexible and scalable Van Architecture.

This enables a clear differentiation between privately positioned vans in the luxury segment and commercially positioned vans in the premium segment.

All model series are already systematically electrified. Customers and upfitters can choose an all-electric van in every segment, whether for commercial or private use.

The eSprinter
With today's second generation eSprinter, which is produced in a net carbon-neutral[1] manner, Mercedes-Benz Vans is implementing its electrification strategy and underscoring its claim to "Lead in Electric Drive". Efficiency and sustainability were important goals in the further development of the electric drivetrain. For the first time, the division used a highly efficient permanent magnet synchronous motor (PSM) and an electric rear axle in an all-electric van. The eSprinter allows for higher payloads with a permissible total weight of up to 4.25 t and offers a greater variety of variants for the first time. The cell chemistry of the installed high-voltage battery is based on lithium iron phosphate (LFP), which means that cobalt and nickel are not required. Active thermal management ensures highly effective energy transfer in different system states.

The second-generation eSprinter rolled off the production line in Düsseldorf (Germany) for the first time in December 2023, with the Charleston (USA) and Ludwigsfelde (Germany) plants following in the reporting year.

Public charging with Mercedes-Benz
Mercedes me Charge is the Mercedes-Benz Group's own digital charging service for public charging and is available exclusively to Mercedes-Benz drivers. With a Mercedes me Charge charging contract, Mercedes-Benz drivers can charge at various charging station operators. By the end of 2024, over 2 million AC and DC charging points from more than 1,600 charging station operators worldwide were integrated into the Mercedes me Charge charging network.

In order to improve the framework conditions for electric vehicles, the Group is also setting up its own global Mercedes-Benz Charging Network in North America, Europe, China and other core markets, which is open to drivers of all brands. Mercedes-Benz customers enjoy special benefits when charging at Mercedes-Benz fast-charging parks via the Mercedes me Charge charging service integrated in the vehicles, e.g. a reservation function to reduce waiting times.

With its own global fast-charging network, the Mercedes-Benz Group is setting new standards for the fast, convenient and green charging of electric vehicles. Around 10,000 fast-charging points are to be created worldwide by the end of the decade.

Green Charging
The Mercedes-Benz Group enables its customers to charge with green electricity using Mercedes me Charge. "Green Charging" is an integral part of Mercedes me Charge in Europe, Canada and the United States. If no electricity from renewable energy sources is available at the respective charging station, "Green Charging" uses green electricity certificates, which ensure that an equivalent amount of electricity from renewable energies is fed into the power grid for charging processes. These are green electricity certificates from certified energy generation plants that were commissioned less than six years ago. "Green Charging" therefore contributes to the further expansion of renewable energies.

1 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.

“Green Charging” is also an integral part of the Mercedes-Benz Charging Network. The Mercedes-Benz Group wants to enable all drivers of electric vehicles to charge with green electricity. This is preferably done via green electricity supply contracts wherever possible or through the use of green electricity certificates.

Joint ventures for more fast-charging networks in Europe, the United States and China

The Mercedes-Benz Group has co-founded the joint ventures IONITY, IONNA and IONCHI to build high-performance fast-charging networks for electric vehicles in Europe, North America and China.

With the IONITY joint venture, the Mercedes-Benz Group is involved in the development of a fast-charging network in Europe. At the end of 2024, almost 5,000 IONITY fast-charging points were in operation. These charging points with up to 350 kW are integrated into the Mercedes me Charge charging service and enable fast and convenient charging.

In North America, the Mercedes-Benz Group is involved with the joint venture IONNA. Together with seven other leading automobile manufacturers, a network of at least 30,000 charging points is planned along the most important routes and urban centres.

In China, the Mercedes-Benz Group is working with BMW to expand the charging infrastructure. The joint venture IONCHI aims to have a charging network of at least 1,000 stations with around 7,000 fast-charging points by the end of 2026. These should be publicly accessible and available to all vehicle brands, with Mercedes-Benz and BMW offering exclusive functions such as Plug & Charge and reservation.

In all regions, the aim is to operate the joint venture charging networks exclusively with renewable energy in order to create a sustainable and environmentally friendly charging experience.

Smart charging solutions for the home

For many drivers, their own home is the preferred charging point. On the way to an all-electric future, the Mercedes-Benz Group is therefore consistently working on expanding the charging ecosystem with innovative solutions for the home. In future, electric vehicles and the energy grid will be intelligently networked in order to increase the proportion of renewable energies. With smart charging solutions for private households, customers can reduce their CO_2 emissions and costs or increase their independence. Mercedes-Benz vehicles can therefore support two key factors for a successful energy transition: Reduced electricity costs motivate customers to specifically charge electricity from renewable energies and thus actively contribute to the transformation. At the same time, intelligent control of charging processes can optimize the distribution of electricity from renewable energies by using generated wind and solar power specifically to charge electric vehicles depending on capacity utilization. In future, this can reduce both grid bottlenecks and the shut-down of overproduction of renewable energy sources in regional electricity distribution networks.

Saving energy with the Eco Coach

The Mercedes-Benz Eco Coach is an app with individual energy-saving tips for users of plug-in hybrid and electric vehicles. The app analyses personal driving and charging behaviour and provides personalized tips on how to reduce the carbon footprint and increase the durability of the vehicle battery. The app is available in ten European countries. From the reporting year 2024, the Eco Coach app supports users in Germany by providing charging recommendations or challenges to carry out their charging process in time windows when the highest possible proportion of renewable energy is available.

Metrics

Energy consumption

The Mercedes-Benz Group regularly evaluates and assesses the main energy sources, purchases and consumption. The Mercedes-Benz Group records all energy data worldwide using a data tool and uses it to determine its energy consumption and own generation. Invoices from suppliers provide the necessary data basis. If no invoices are available, the company's own measurements are used. The locations are responsible for fully identifying and documenting the relevant energy measuring points. In individual cases, the locations' energy data managers use expert estimates based on experience from previous years or projections with reference to current energy meter data and unit developments if invoices or measurements are not available at the end of the year. Conversion factors come from utility bills and common calculation standards (e.g. EU emissions trading) or recognized databases (IEA – International Energy Agency) and are specified by the company headquarters.

For its production-related targets (energy and CO_2 emissions), the Mercedes-Benz Group calculates the energy consumption of its production sites without fuels, as fuel consumption is primarily caused by activities outside of production (including company vehicles, test benches). Therefore, the specific energy consumption and CO_2 emissions (measured per vehicle produced) on which the production-related targets are based are also reported without fuels. Furthermore, the Mercedes-Benz Group reports the amount of non-renewable energy produced at its sites and transferred to third parties. The Mercedes-Benz Group aims to indicate that a portion of the non-renewable energy produced by the Mercedes-Benz Group is consumed by third parties, for example, as part of municipal district heating supply.

Total energy consumption (in GWh)

	2024
Fuel consumption from coal and coal products	0
Fuel consumption from crude oil and petroleum products	413
Fuel consumption from natural gas	2,407
Fuel consumption from other fossil sources	10
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	460
Energy consumption from fossil sources	**3,290**
Share of fossil sources in total energy consumption (%)	55.6
Energy consumption from nuclear sources	**0**
Share of consumption from nuclear sources in total energy consumption (%)	0
Fuel consumption from renewable sources	33
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	2,551
Consumption of self-generated non-fuel renewable energy	42
Energy consumption from renewable sources	**2,626**
Share of renewable sources in total energy consumption (%)	44.4
Total energy consumption	**5,916**

Energy production[1] (in GWh)

	2024
Non-renewable energy production	1,217
Renewable energy production	57
Total energy production	**1,274**

1 Production of electricity and heat at own sites for further use in plants and transfer to third parties.

The analysis of the net revenue included the climate-intensive sectors of the production of low-carbon technologies for transport (economic activity CCM 3.3 of the EU Taxonomy), the production of automotive and mobility components (economic activity CCM 3.18 of the EU Taxonomy), the infrastructure enabling low-carbon road transport and public transport (economic activity CCM 6.15 of the EU Taxonomy) and the sale of second-hand goods (economic activity CE 5.4 of the EU Taxonomy).

Total energy consumption per net revenue in high climate impact sectors (in MWh/million euros)

	2024
Total energy consumption per net revenue	48.6

Reconciliation of net revenues from climate-intensive sectors to the Group's revenues in million euros

	2024
Net revenue from activities in high climate impact sectors used to calculate energy intensity	121,640
Net revenue (other)	23,954
Total net revenue[1]	145,594

1 The net revenue refers to Revenue in the Consolidated Statement of Income/Loss.

Further information on energy consumption (in GWh) – company-specific

	2024
Energy consumption in production[1]	4,296
Transfer of non-renewable energy production to third parties	144

1 Without fuels.

Energy consumption in production[1] per vehicle (in MWh/vehicle) – company-specific

	2024
Mercedes-Benz Cars	2.65
Mercedes-Benz Vans	2.31

1 Without fuels.

Gross greenhouse gas emissions

The Mercedes-Benz Group calculates and documents its greenhouse gas emissions in Scope 1 to Scope 3 in accordance with the Corporate Accounting and Reporting Standard 2004 and the Corporate Value Chain Standard 2011 of the Greenhouse Gas (GHG) Protocol initiative.

Scope 1

The Mercedes-Benz Group's direct greenhouse gas emissions from the combustion of fuels, heating oil, natural gas and liquefied petroleum gas are calculated using constant CO_2 emission factors in accordance with the IPCC Guidelines for National Greenhouse Gas Inventories and other sources such as the German Emissions Trading Authority and the German Federal Environment Agency.

Scope 2

The Mercedes-Benz Group calculates the indirect greenhouse gas emissions from district heating, electricity and hydrogen from external generation on a temporal and regional basis. CO_2 accounting is carried out using the "market-based" accounting approach. The basis is the GHG Protocol initiative's guideline for determining Scope 2 emissions published in 2015. For the market-based accounting approach, the Mercedes-Benz Group collects the CO_2 emission factors of the local electricity and district heating tariffs or electricity and district heating suppliers at its locations worldwide. Where these and information on residual mix are not available, the current average emission factor

published for the respective country according to the International Energy Agency (IEA) or the United States Environmental Protection Agency (EPA) for the United States continues to be used for electricity, and the respective country-specific authority information is used for district heating. In the reporting year, more than 90% of the green electricity was sourced through physical green electricity contracts, with the remainder obtained through green electricity certificates. In addition, CO_2 emissions are reported using the "location-based" method, which only includes the country-specific CO_2 emission factors.

Scope 1 and 2 – Further greenhouse gas emissions
In its balances, the Mercedes-Benz Group takes into account other greenhouse gases in addition to the greenhouse gas CO_2 under Scope 1 and 2. These greenhouse gas emissions are disclosed in summary form in CO_2 equivalents in addition to the main greenhouse gas CO_2. The CO_2 equivalents in Scope 1 are determined using the global warming potentials (GWP) and the emission factors according to the IPCC.

Scope 1 and 2 – Biogenic emissions
In its balances, the Group separately reports the biogenic Scope 1 and Scope 2 CO_2 emissions from the use of renewable energies (biomass, biogas, district heating, etc.) in addition to the fossil CO_2 emissions under Scope 1 and 2. In Scope 1, these are calculated using constant CO_2 emission factors in accordance with the World Business Council for Sustainable Development (WBCSD) or the German Emissions Trading Authority (DEHSt). The biogenic Scope 2 CO_2 emissions are determined based on the biogenic energy purchases per site. The biogenic CO_2 emission factors are provided by the Federal Office for Economic Affairs and Export Control.

The basis for calculating the amount of CO_2 emissions is the energy consumption of the respective energy sources. Further information can be found in the chapter Climate change mitigation in the downstream value chain under Metrics.

Scope 3
For the indirect greenhouse gas emissions that occur in the upstream and downstream value chain, the Group takes into account other greenhouse gases in addition to CO_2 and reports the biogenic CO_2 emissions separately.

The GHG Protocol distinguishes a total of 15 Scope 3 categories. Emissions are determined on the basis of extensive methodological considerations and complex calculations. The reported Scope 3 categories are selected after an assessment of their significance.

At 75%, the majority of the Mercedes-Benz Group's reported Scope 3 emissions arise in the use phase, i.e., during fuel and electricity production (well-to-tank) and during the operation of its products (tank-to-wheel).

The Mercedes-Benz Group calculates these emissions based on, among other things, global unit sales figures and the average standardized CO_2 fleet value of the annual new vehicle fleet. Using a model approach that includes all vehicle segments, an annual mileage of 20,000 km is assumed. The assumed operating life is ten years. In total, the mileage based on this calculation amounts to 200,000 km per vehicle. Details can be found under Category 11 – Use of sold products.

Further indirect emissions from the supply chain (Purchased goods and services, Category 1) or in connection with the recycling of vehicles (Category 12) are calculated using vehicle-specific life cycle assessments in accordance with ISO 14040/44. The supply chain accounts for around 17% of indirect Scope 3 emissions.

The assumptions for calculating greenhouse gas emissions for the Scope 3 categories are described below. For each category, the scope of the recorded emissions and the method used are specified, along with the underlying data basis. For Scope 3 greenhouse gas emissions, 12 out of the 15 categories are considered in the calculation scope. 19% of Scope 3 greenhouse gas emissions are attributed to categories that are based on data provided by suppliers or other partners in the value chain. Of these, 0.5% are calculated using primary data. The remaining Scope 3 greenhouse gas emissions are determined based on measured activity data. For the calculation of vehicle-specific greenhouse gas emissions, an internal calculation tool was used.

Category 1 – Purchased goods and services

- Scope: Greenhouse gas emissions from the materials and components required to produce the vehicles
- Method: “average-data” method according to the GHG Protocol
- Database: Sales figures 2024, component and material information (vehicle parts lists/IMDS), life cycle assessment database LCA for Experts (Sphera Solutions GmbH; Version 2024.2)

Category 2 – Capital goods

- Scope: Greenhouse gas emissions primarily from activities in civil engineering, building construction, as well as production machinery and facilities
- Method: “spend-based” method according to the GHG Protocol
- Data basis: Asset additions and emission factors weighted by group-wide expenditures (planned values) from the Exiobase database

Category 3 – Fuel and energy-related activities (not included in Scope 1 or Scope 2)

- Scope: Greenhouse gas emissions that arise during the production and provision of energy sources and are not included in Scope 1 and 2.
- Method: “average-data” method according to the GHG Protocol
- Data basis: Consumption data from the central energy management system and emission factors from data from the German Federal Environment Agency and the International Energy Agency (IEA)

Category 4 – Upstream transportation and distribution

- Scope: Greenhouse gas emissions from transport services for logistics to the upstream point of sale
- Method: “distance-based” method according to the GHG Protocol; the shipment data is available for the period from January to December, with the exception of the shipment data for inbound sea logistics, which is transmitted with a one-quarter delay. Therefore, an estimate is used for inbound sea logistics for Q4/2024. The shipment data for outbound logistics is available for the months of January to November and is extrapolated for the month of December.
- Data basis: Shipment data, emission factors for inbound logistics road/rail/air/foreign plants as well as for outbound logistics road/rail/sea from GLEC Framework V3.0, emission factors for inbound sea logistics from Clean Cargo, ISO 14083

Category 5 – Waste generated in operations

- Scope: Greenhouse gas emissions from the disposal and recovery of waste from own production facilities
- Method: “waste-type-specific” method, according to GHG Protocol
- Data basis: Group-wide waste volumes and industry-average emission factors from the life cycle assessment database LCA for Experts (Version 2024.2)

Category 6 – Business travelling

- Scope: Greenhouse gas emissions from air and rail travel and rental car journeys of all employees of the Mercedes-Benz Group
- Method: “distance-based” method according to the GHG Protocol
- Data basis: Flight data from internal travel management system and emission factor from the Department for Environment, Food & Rural Affairs (DEFRA); rental car traffic through the kilometres driven with a vehicle class-specific emission factor; train traffic through the kilometres covered and the corresponding emission factor from the Transport Emission Model TREMOD, Federal Environmental Agency

Category 7 – Employee commuting
- Scope: Greenhouse gas emissions from private and public transport of all employees of Mercedes-Benz Group
- Method: “average-data” method according to the GHG Protocol
- Data basis: Number of working days (Europe including home office quota) with statistical commuting distances (Federal Ministry for Housing, Urban Development and Building; Statista) and their distribution across modes of transport (Agora Verkehrswende, Statista), associated emission factors from TREMOD (German Environment Agency UBA) and the U.S. Environmental Protection Agency (EPA)

Category 8 – Upstream leased assets
- This category was assessed as not significant in a significance analysis and is therefore not reported.

Category 9 – Downstream transportation
- This category was assessed as not significant in a significance analysis and is therefore not reported.

Category 10 – Processing of sold products
- Scope: Greenhouse gas emissions from further processing of sold Mercedes-Benz Vans chassis (e.g., by upfitters)
- Method: “average-data” method according to GHG Protocol; the greenhouse gas emissions from the additional processing activities of the upfitters are accounted for based on the additional mass, analogous to Category 3.1.
- Data basis: Sales figures Vans 2024, component and material information (vehicle parts lists/IMDS, Vans), Regulation (EU) 2019/631, life cycle assessment database LCA for Experts (Version 2024.2)

Category 11 – Use of sold products
- Scope: Well-to-wheel greenhouse gas emissions from all vehicles in the new car fleet with a mileage of 200,000 km
- Method: The well-to-tank greenhouse gas emissions are based on the electricity/fuel production paths of the respective markets. The CO_2 reduction contribution through green charging for the new car fleet is determined by combining two market-specific approaches. Customer charging amounts at public charging points are recorded via the Mercedes me Charge service. If renewable energy is not yet demonstrably available at these points, green electricity certificates ensure that an equivalent amount of electricity from renewable sources is fed into the grid. The charging amounts recorded for the new vehicle fleet in 2024 are scaled up for the assumed usage period of ten years. An exception is the Benelux region, where a flat-rate calculation of the expected charging amounts for the assumed usage period of ten years is performed for the new vehicle fleet from the factory. Here too, green electricity certificates ensure that an equivalent amount of electricity from renewable sources is fed into the grid. The CO_2 reduction contribution for Mercedes-Benz Cars in 2024 is about 0.13 t CO_2/vehicle. The tank-to-wheel greenhouse gas emissions are based on the weighted average CO_2 fleet values, taking into account the currently applicable driving cycles in the respective EU, China and US markets. Other greenhouse gas emissions are taken into account using certified emission values.
- Data basis: certified consumption and emission data (tank-to-wheel) and the life cycle assessment database LCA for Experts (Version 2024.2) for well-to-tank

Category 12 – End-of-life treatment of sold products
- Scope: Greenhouse gas emissions from recovery and disposal of vehicles at the end of their operating life (includes dismantling, the shredding process, and the downstream treatment of the shredder light fraction (cut-off approach))
- Method: “average-data” method according to GHG Protocol. Consideration of materials at the end of life according to the cut-off approach.
- Data basis: vehicle-specific weight information and life cycle assessment end-of-life model with emission factors from the life cycle assessment database LCA for Experts (Version 2024.2)

Category 13 – Downstream leased assets

- This category was assessed as not significant in a significance analysis and is therefore not reported.

Category 14 – Franchises

- Scope: Greenhouse gas emissions from energy consumption of independent retailers
- Method: “average-data” method according to GHG Protocol
- Data basis: Average energy consumption of the company’s own sales operations (recorded in Scope 1 and 2) was applied to the global franchise locations, the respective regional electricity mix according to IEA was used.

Category 15 – Investments

- Scope: Greenhouse gas emissions from investments (equity investments) in associated companies and joint ventures with significant influence
- Method: Consideration of Scope 1 and Scope 2 emissions of the respective company according to investment share
- Data basis: Internal investment management system, published information on Scope 1 and 2 emissions of the companies, if this information is not available, the greenhouse gas emissions of the remaining companies are extrapolated based on their book values.

Mercedes-Benz Group greenhouse gas emissions – Scope 1, Scope 2 and Scope 3[1]

	2024
Greenhouse gas emissions – Scope 1	
Greenhouse gas emissions – Scope 1 (in million t CO_2e)	0.6
Percentage of Scope 1 greenhouse gas emissions from regulated emission trading schemes (in %)	77.4
Greenhouse gas emissions – Scope 2 (in million t CO_2e)	
Greenhouse gas emissions – Scope 2 – location-based	1.0
Greenhouse gas emissions – Scope 2 – market-based	0.1
Greenhouse gas emissions – Scope 3[2] (in million t CO_2e)	
Greenhouse gas emissions – Scope 3	128.9
Category 1 – Purchased goods and services	21.9
Category 2 – Capital goods	2.9
Category 3 – Fuel and energy-related activities (not included in Scope 1 or Scope 2)	0.4
Category 4 – Upstream transportation and distribution	2.3
Category 5 – Waste generated in operations	0.1
Category 6 – Business travelling	0.1
Category 7 – Employee commuting	0.2
Category 8 – Upstream leased assets	–
Category 9 – Downstream transportation	–
Category 10 – Processing of sold products	0.1
Category 11 – Use of sold products	97.0
Category 12 – End-of-life treatment of sold products	1.0
Category 13 – Downstream leased assets	–
Category 14 – Franchises	2.5
Category 15 – Investments	0.4
Total greenhouse gas emissions – Scope 1, 2 and 3 (in million t CO_2e)	
Total greenhouse gas emissions – location-based	130.5
Total greenhouse gas emissions – market-based	129.6

1 The table contains the applicable columns for the Mercedes-Benz Group according to ESRS.
2 Including the unit sales of the Beijing Benz Automotive Co., Ltd, an associate valued at-equity. (BBAC) and the joint venture Fujian Benz Automotive Co., Ltd. (FBAC).

Biogenic CO_2 emissions Scope 1, Scope 2 and Scope 3 (in million t CO_2)

	2024
Total biogenic CO_2 emissions	7.23
Biogenic emissions – Scope 1	0.008
Biogenic emissions – Scope 2	0.002
Biogenic emissions – Scope 3	7.22

Greenhouse gas emissions Scope 1, 2 and 3[1] per net revenue[2] in t CO_2e/million euros

	2024
Greenhouse gas emissions (location-based) per net revenue	896
Greenhouse gas emissions (market-based) per net revenue	890

1 Including the unit sales of the Beijing Benz Automotive Co., Ltd, an associate valued at-equity. (BBAC) and the joint venture Fujian Benz Automotive Co., Ltd. (FBAC).
2 Net revenue refers to Revenue in the Consolidated Statement of Income/Loss.

In addition to ESRS required reporting at Group level, the company-specific greenhouse gas emissions for Scope 1, 2 and selected Scope 3 categories along the vehicle value chain are reported separately for the Mercedes-Benz Cars and Mercedes-Benz Vans divisions. This serves to assess the projected CO_2 lifecycle emissions of the annual new vehicle fleet in comparison to the previous year.

Mercedes-Benz Cars greenhouse gas emissions – Scope 1, Scope 2 and Scope 3[1] emissions in the Cars value chain – company-specific

	Absolute CO_2e emissions (in million t CO_2e)	Absolute CO_2 emissions (in million t CO_2)	Specific CO_2 emissions per car (in t CO_2/vehicle)
	2024	2024	2024
Greenhouse gas emissions – Scope 1 and 2 in production[2] – market-based	0.3	0.3	0.2
Greenhouse gas emissions – Scope 3	95.5	88.2	43.9
Category 1 – Purchased goods and services	18.3	16.8	8.4
Category 4 – Upstream transportation and distribution	2.0	2.0	1.0
Category 11 – Use of sold products (WtW)	74.4	68.6	34.2
Category 12 – End-of-life treatment of sold products	0.8	0.8	0.4
Total greenhouse gas emissions – Scope 1, 2 and 3			
Total of Cars value chain	95.9	88.5	44.2

1 Including the unit sales of the Beijing Benz Automotive Co., Ltd, an associate valued at-equity (BBAC).
2 Without fuels.

Mercedes-Benz Vans greenhouse gas emissions – Scope 1, Scope 2 and Scope 3[1] emissions in the Vans value chain – company-specific

	Absolute CO_2e emissions (in million t CO_2e)	Absolute CO_2 emissions (in million t CO_2)	Specific CO_2 emissions per van (in t CO_2/vehicle)
	2024	2024	2024
Greenhouse gas emissions – Scope 1 and 2 in production[2] – market-based	0.1	0.1	0.3
Greenhouse gas emissions – Scope 3	26.8	24.4	60.1
Category 1 – Purchased goods and services	3.6	3.3	8.2
Category 4 – Upstream transportation and distribution	0.3	0.3	0.8
Category 10 – Processing of sold products	0.1	0.1	0.3
Category 11 – Use of sold products (WtW)	22.5	20.4	50.3
Category 12 – End-of-life treatment of sold products	0.2	0.2	0.5
Total greenhouse gas emissions – Scope 1, 2 and 3			
Total of Vans value chain	26.9	24.5	60.4

1 Including the unit sales of the Fujian Benz Automotive Co., Ltd, a joint venture valued at-equity (FBAC).
2 Without fuels.

Further information on greenhouse gas emissions Scope 1 and Scope 2 (in 1,000 tCO_2e) – company-specific	
	2024
Total greenhouse gas emissions Scope 1 and 2 – market-based	**684**
Thereof CO_2 emissions in production[1]	423
Thereof CO_2 emissions from self-generated non-renewable energy transferred to third parties[2]	29

1 Without fuels.
2 These CO_2 emissions are caused from final energy that is produced by the Mercedes-Benz Group but not consumed by itself.

CO_2 emissions of the new vehicle fleet in Europe*

Mercedes-Benz CO_2 emissions on average passenger cars and light commercial vehicles in Europe (in g/km) – company-specific	
	2024
Passenger cars	103[1,2]
Light commercial vehicles	204[1]

1 Internal value.
2 Taking into account the vehicles of the joint venture smart Automobile Co., Ltd. in the Mercedes-Benz CO_2 pool.

The average CO_2 emissions of the Mercedes-Benz new car fleet (categories: M1[1] + N1[2]) in Europe (European Union, Norway and Iceland) are calculated using the legal regulations based on internal data[3]. Based on the vehicle-specific CO_2 emissions according to WLTP from the Certificate of Conformity (CoC), the average CO_2 emissions of all vehicles are determined. The registered vehicles in the calendar year are decisive for this. Deviations from the final, official value of the EU are possible, as registration data for determining the average CO_2 emissions may not be available for all European countries.

CO_2 emissions of the new vehicle fleet in the United States*

Mercedes-Benz greenhouse gas figures passenger cars, light-duty trucks and medium-duty vehicles in the US (in g CO_2/mi) – company-specific	
	2024
Passenger cars	180[1]
Light-duty trucks	265[1]
Medium-duty vehicles	413[1]

1 Internal value.

In the United States, various federal standards regulate the limitation of greenhouse gas emissions and fuel consumption. These include the Greenhouse Gas Emission (GHG) Standard and the Corporate Average Fuel Economy (CAFE) Standard for Light Duty Vehicles (passenger cars and light-duty trucks), as well as the Greenhouse Gas Emission (GHG) Standard and the Fuel Efficiency (FE) Standard for Medium Duty Vehicles.

To calculate greenhouse gas emissions and fuel consumption, the production figures for each model year are taken into account.

Based on certified values, the average CO_2 emissions and fuel consumption are determined. The combined emissions (combined fuel economy) determined from various cycles for test groups are calculated in the US as part of a self-certification process in accordance with legal requirements. These values are randomly verified by the Environmental Protection Agency (EPA).

For Light Duty Vehicles (passenger cars and light-duty trucks), additional legal flexibilities such as off-cycle credits are applied. These are particularly efficient technologies that reduce CO_2 emissions and fuel consumption in real-world customer use and can be credited in addition to the certified CO_2 and consumption values.

Some data may not be finalized at the time of publication and are therefore based on assumptions. For this reason, slight deviations from the final regulatory report are possible.

* Data have been audited with reasonable assurance.
1 M1 = Passenger cars.
2 N1 = Light commercial vehicles.
3 Partially, internal unit sales data is used as official registration numbers are not available from all EU countries.

CO_2 emissions of the new vehicle fleet in China*

Mercedes-Benz fleet consumption passenger cars (imported) in China (in l/100 km) – company-specific

	2024
Passenger cars	8.38[1,2]

1 Internal value.
2 Value with off-cycle technologies.

In China, domestically produced and imported cars are calculated separately according to fleet consumption (Corporate Average Fuel Consumption – CAFC). For Mercedes-Benz China (MBCL), which does not produce any vehicles in China itself, the value of the import fleet is therefore relevant.

Based on the certification values according to WLTC available at the MN level (Model Name), the average consumption is determined using the imported quantities. Additionally, legal flexibilities such as off-cycle credits are applied. These are particularly efficient technologies that reduce consumption in customer operation and can be credited in addition to the certified consumption values. Some data are not yet final at the time of publication and are therefore based on assumptions. For this reason, slight deviations from the official value of the authorities are possible.

CO_2 compensation and removals

The Mercedes-Benz Group aims to reduce greenhouse gas emissions in its own business activities and throughout the entire value chain.

The greenhouse gas emissions that cannot be avoided even after significant reduction at the locations[1] operated by the Mercedes-Benz Group (Scope 1 and Scope 2) have been offset by qualified climate change mitigation projects since 2022.

Beyond its own locations, the entire Mercedes-Benz new vehicle fleet is to be net carbon-neutral[2] across all stages of the value chain and the entire life cycle by 2039. The Mercedes-Benz Group intends to compensate for the emissions that cannot be avoided at that time through offset projects that meet high-quality standards.

The Mercedes-Benz Group attaches great importance to the integrity and quality of the offset projects. All projects must comply with international accounting requirements and the quality requirements of the Gold Standard (high-quality certification standard developed under the leadership of WWF and with the Federal Ministry for Environment) or other high-quality standards. In addition, the Mercedes-Benz Group has the project quality and the calculation methodology for new compensation projects verified in advance by an independent third party in order to identify potential accounting errors and negative impacts, such as on the environment and society in the project countries, at an early stage in the interest of risk minimization. The project implementation is further monitored continuously through ongoing communication with the project providers.

The Mercedes-Benz Group's offset portfolio is also being continuously developed. Since 2023, the focus has been gradually shifting from conventional offset projects that reduce emissions to carbon removal. Both technological and biological removal solutions play a role here.

Offsetting emissions through carbon credits is an additional contribution by the Mercedes-Benz Group to climate change mitigation that does not negatively affect the level of ambition or the fulfilment of the reduction targets in any way. Greenhouse gas emissions and corresponding reduction targets are tracked and reported independently of compensation actions. There is no crediting of CO_2 compensation towards greenhouse gas emissions or target achievement.

The required quantity of emission certificates (carbon credits) is determined and verified using a data tool based on the reported Scope 1 and Scope 2 emissions. The corresponding quantity is then deleted in external

* Data have been audited with reasonable assurance.
1 All considered locations in the respective reporting year of the Sustainability Statement.
2 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting projects.

registers. Detailed information is determined based on the project data, documented in an internal database and verified.

Carbon credits cancelled in the reporting year	
	2024
Total amount (in 1,000 t CO_2e)	**684**
Share of removal projects[1] (in %)	3
Share of reduction projects (in %)	97
Recognised quality standard: Gold Standard (in %)	97
Recognised quality standard: Puro.Earth (in %)	0.3
Recognised quality standard: Verified Carbon Standard (in %)	2.7
Share issued from projects in the EU (in %)	0
Share that qualifies as a corresponding adjustment under Article 6 of the Paris Climate Agreement (in %)	0

1 Thereof 90% from biogenic and 10% from technological sinks.

Carbon credits planned to be cancelled in the future[1] (in 1,000 t CO_2e)	
Total amount until 2032	4,507

1 Based on contractual agreements.

Internal carbon pricing

To evaluate internal decision-making processes, the Mercedes-Benz Group uses internal carbon pricing systems.

In product development (the focus is on efficiency measures in vehicle projects), the Mercedes-Benz Group takes into account different fleet emissions regulations depending on the region. For example, if the legally defined EU fleet limit of 95 g CO_2/km is exceeded in the EU, the Mercedes-Benz Group must pay penalties to the EU of €95 per vehicle sold for each gram. For vehicles and regions where fleet emission regulations apply, around 61 million tons of the greenhouse gas emissions of the Mercedes-Benz Group in 2024 (Scope 1, 2 and 3) are attributable to vehicle operation (tank-to-wheel), which corresponds to about 47%.

In its own production, the Group takes into account the CO_2 emission rights of the EU emissions trading system for energy-related projects (e.g., plant supply, energy production, and new energy consumers), which is a key climate policy instrument in Europe. In the reporting year, the price for exchange-traded EU emission rights was between €50 and €80/t CO_2. Currently, approximately 269 kilotons of CO_2 emissions caused by the Mercedes-Benz Group in Scope 1 and 2 are covered under the EU Emissions Trading System, which corresponds to about 52%. In addition to these emission trading prices, CO_2 prices from the German Fuel Emissions Trading System (€45 per ton of CO_2 in 2024) are also considered as far as applicable for the project.

Pollution

Material impacts, risks and opportunities and their interaction with strategy and business model

The Mercedes-Benz Group has identified its material impacts, risks and opportunities related to environmental pollution in accordance with the requirements of the ESRS. These are described in the chapter General information under Identification of material impacts, risks and opportunities and presented in the table below.

Pollutant emissions can enter the air, water and soil along the entire value chain, for example, when primary raw materials are extracted in the upstream value chain and products are used in the downstream value chain. In the company's own business operations, for example, emissions to air can arise from production processes.

The Mercedes-Benz Group aims to avoid environmental damage along the value chain and to ensure that hazardous substances[1] are handled responsibly. On this basis, the Mercedes-Benz Group aims to decrease pollutant emissions in production and formulates minimum requirements for its suppliers. More detailed information on the structure of the supply chain can be found in the chapter General information under Strategy, business model and value chain. Furthermore, all business partners are required to adhere to legal and Group-specific requirements and standards for environmental protection.

Information on the analysis of the resilience of the Group's strategic sustainability focus areas with regard to the material impacts, risks and opportunities can be found in the chapter General information under Material impacts, risks and opportunities.

1 Incl. substances of concern and substances of very high concern according to ESRS.

Pollution – material impacts, risks and opportunities	Direction of action	Time horizon	Localization	Value chain position		
Impacts						
Pollution of air						
Air emissions in the upstream value chain and own production	negative	short-term	local, regional, global	VU	OA	
Pollution of water						
Water emissions in the upstream and downstream value chain	negative	short-term	regional, global	VU		VD
Pollution of soil						
Ground contamination in the upstream value chain	negative	short-term	local	VU		
Substances of concern and of very high concern						
Use of substances of concern and very high concern in the upstream and downstream value chain	negative	short-term	local, regional	VU		VD
Microplastics						
Release of microplastics in the upstream and downstream value chain	negative	short-term	regional, global	VU		VD

VU = Value chain upstream OA = Own business activity VD = Value chain downstream
● = actual ○ = potential ◯ = ESRS compliant target filed

Policies

Environmental protection along the value chain

The Mercedes-Benz Group aims to reduce or completely avoid pollutant emissions along the entire value chain, decrease the release of microplastics into the environment, and to ensure a responsible handling of hazardous substances.

In the upstream value chain, the contractual conditions in the supplier management of the Mercedes-Benz Group also cover the aspects of pollutant emissions (e.g., to air, water and soil) and hazardous substances. The monitoring and responsibilities for higher-level policies in the supply chain and production also relate to the reduction of environmental pollution. Together with the overarching supplier management, aspects of environmental protection are described in the chapter Climate change mitigation in the upstream value chain under Policies.

In its own business activities, the Mercedes-Benz Group regularly conducts training courses on environmental protection at its locations. Important topics include immission and water protection, wastewater

treatment, emergency management in the event of environmentally relevant operational disruptions, and the environmentally friendly planning of facilities and workplaces.

The Mercedes-Benz Group determines the content, the frequency and the participants of the various, partly mandatory environmental training courses depending on tasks and the function of the employees within the Group, the location conditions and the current legal requirements.

The Mercedes-Benz Group takes various technical and organizational measures to prevent environmental pollution at its locations. The company implements certified environmental management systems and establishes internal guidelines and standards, as well as internal control, maintenance, and monitoring measures. During recurring internal environmental risk assessments at production sites, the Mercedes-Benz Group takes extensive control and protection measures.

Reduction of emissions to air in production
Emissions to air are generated at the Mercedes-Benz Group's production sites. Reducing these emissions is an ongoing task and challenge for plant and facility planning as well as for daily operations.

Depending on the pollutant, the limits and requirements for emissions are regulated by law. These limits serve as a benchmark for the production plants and the product development of the Mercedes-Benz Group.

Of particular importance for automobile production are the volatile organic compounds (VOCs), which are released during vehicle painting, for example. The Mercedes-Benz Group has developed a standardized method for VOC data collection, which enables almost uniform collection at all Mercedes-Benz production sites and makes it easier to measure progress in reducing VOCs.

The responsibilities within the Group for emissions to air and the monitoring are described in the chapter Climate change mitigation in own business activities under Policies.

Reduction of particulate emissions and microplastics while driving
In the reporting year, the new EU emissions standard Euro 7 (EU7), which for the first time sets limits for particle emissions from brake wear, came into force. The introduction of these limits is intended to reduce the fine particulate matter produced during braking. The EU has additionally committed through EU7 to establish a limit for tyre wear, which is intended to help reduce the release of microplastics into the environment. In order to comply with future limits, the Group is constantly developing its technologies in this area.

Actions

Environmental protection in the supply chain
The Group-wide Responsible Sourcing Standards (RSS) are an important instrument for the transformation of the supply chain. The topic of environmental protection and hazardous substance-related aspects are anchored in them and must be passed on by partners to their supply chains. Further cross-topic information on the RSS and the protection of water resources can be found in the chapter Climate change mitigation in the upstream value chain under Policies and Water and marine resources under Actions.

The Mercedes-Benz Group expects its suppliers to keep their use of chemicals and hazardous substances as low as possible and to reduce the generation of hazardous waste in production processes as much as possible. Critical hazardous substances should be replaced by less critical substitutes. Suppliers are required to also incorporate these requirements into their own supply chain.

According to the RSS, suppliers must identify and label all chemicals and hazardous substances that are stored or processed or that arise during production. Suppliers must avoid hazards posed by these substances, such as air and soil pollution, water pollution and other harmful impacts, as far as technically possible.

Reduction of emissions to air in production
In order to further reduce VOC emissions at the Group's own production sites, the Mercedes-Benz Group is modernizing and optimizing old paint shops.

At the Kecskemét plant in Hungary, the Mercedes-Benz Group started an operational trial with a new exhaust air purification technology to reduce VOC emissions in the clear coat line. The method used enables the breakdown of VOCs at room temperature, with the goal of achieving this with significantly lower energy consumption compared to similar thermal processes.

Reduction of particulate emissions while driving
The Mercedes-Benz Group is investigating the actual values of the fine dust quantities that arise during driving due to the abrasion of the wheel brakes. It is analysing the effect of possible technical measures to reduce the brake abrasion of its own vehicles.

In hybrid or all-electric vehicles, brake dust emissions can already be increasingly reduced, since a significant proportion of the deceleration in these vehicles is due to energy recovery (recuperation).

In addition, the Mercedes-Benz Group is working with tire manufacturers and scientific institutes to investigate the causes of tyre wear depending on tyre properties, road surface conditions and driving behaviour. With the help of these studies, the Group is constantly developing its technologies in order to enable its future compliance with the limit values currently being developed.

Metrics

Emissions to air

The Mercedes-Benz Group regularly evaluates and assesses the emissions to air recorded at its locations. The Group records its emissions to air worldwide using an internal data management system. The metrics are determined at location level and based on a methodology specified across the Group.

VOCs (volatile organic compounds) are a key metric for emissions to air at the production sites. The sites have two Group-wide methods available to measure this (direct and indirect measurement of VOC emissions). With the direct method, the emitted VOC quantities are recorded as part of a summary assessment. The indirect method, on the other hand, describes the recording of all solvent-containing material brought to the site. All solvent quantities that are not emitted (e.g., burned, disposed of, recovered, etc.) are accordingly subtracted from the amount of solvent brought in. The selection of the appropriate method for calculating VOC emissions depends on the specific conditions at the site.

The Group determines further metrics for emissions to air (e.g., NO_x, SO_2, dust) as an annual load depending on the legal measurement obligations based on site-specific measurements of the concentration and volume flow. If annual data for individual parameters are not yet available at the time of collection, an extrapolation based on the previous year's data is performed. Additionally, for the parameter zinc, expert estimates are applied.

Emissions to air (in t)

	2024
Solvents – VOC	3,296
Nitrogen oxides – NO_x	207
Zinc – Zn	2

Water and marine resources

Material impacts, risks and opportunities and their interaction with strategy and business model

The Mercedes-Benz Group has identified its material impacts, risks and opportunities related to water and marine resources in accordance with the requirements of the ESRS. These are described in the chapter General information under Identification of material impacts, risks and opportunities and presented in the table below.

Water is an indispensable resource for the environment and society. It is therefore essential to secure water resources as a basis for health, ecosystems and the economy and to prevent pollution.

The Mercedes-Benz Group is aware of its responsibility and has anchored the issue of water consumption as an important element in the focus area of Resource Use and Circularity. Additional information can be found in the chapter General information under Strategy, business model and value chain. The Group has the ambition to conserve water resources through efficient use and to avoid water pollution through comprehensive prevention. Innovative solutions such as wastewater treatment and water recycling are part of the strategy. Suppliers are contractually obliged to meet minimum requirements for water protection and quality as well as the handling of water resources.

Information on the analysis of the resilience of the Group's strategic sustainability focus areas with regard to the material impacts, risks and opportunities can be found in the chapter General information under Material impacts, risks and opportunities.

Water and marine resources – material impacts, risks and opportunities	Direction of action	Time horizon	Localization	Value chain position		
Impacts						
Water consumption and withdrawal						
Reduced water availability along the value chain	negative	short-term	regional	VU	OA	VD
Wastewater discharge						
Impairment of water quality in the upstream and downstream value chain	negative	short-term	local, regional	VU		VD

VU = Value chain upstream
OA = Own business activity
VD = Value chain downstream
● = actual
○ = potential
◎ = ESRS compliant target filed

Policies

The Mercedes-Benz Group aims to reduce water consumption at its locations, to contribute to more sustainable water management along the value chain and further reduce water withdrawal, especially in areas of high-water stress. The overarching strategy is described in this chapter under Material impacts, risks and opportunities and their interaction with strategy and business model.

Upstream value chain

The contractual terms and conditions in the supplier management of the Mercedes-Benz Group also cover the aspects of water protection and quality. In accordance with the Responsible Sourcing Standards (RSS), suppliers are obliged to comply with these requirements and communicate them to the further supply chain.

Further information regarding the requirements for suppliers, the responsibilities within the Group for the implementation of these requirements and the monitoring of these processes are described in the chapter Climate change mitigation in the upstream value chain under Policies.

Water consumption at own locations

The Mercedes-Benz Group wants to reduce water consumption at its locations – for example, through recycling, i.e., the repeated treatment and use of water for production purposes. It has also decided to no longer use drinking water for the main production processes in the production plants. If possible within the site-specific conditions, rainwater and surface water should be used. The responsibilities within the Group for the implementation of sustainable water use in production and the monitoring of the policies are described in the chapter Climate change mitigation in own business activities under Policies.

Targets

The Mercedes-Benz Group uses internal processes to monitor the progress and effectiveness of its policies and actions relating to water. The Group also collects the metrics described below. The Group uses the reported metrics to measure the internal impact of the policies described. In order to review its management approach and the targets it has set and to adapt them if necessary, the Mercedes-Benz Group relies on dialogues with external stakeholders and uses the results obtained. Detailed information on these dialogues can be found in the chapter Climate change under Policies.

- Mercedes-Benz Cars has set itself the goal of reducing water consumption per vehicle by 50% by 2030 compared to 2023[1, 2, 3, 4].
- Mercedes-Benz Vans has set itself the goal of reducing water consumption per vehicle by 19% by 2030 compared to 2023[2, 3, 4, 5].

Actions

Upstream value chain

The sustainability requirements for suppliers are anchored in the Responsible Sourcing Standards (RSS). Basic information on these contractual conditions can be found in the chapter Climate change mitigation in the upstream value chain under Policies and in the chapter Workers in the value chain under Policies. Suppliers of the Mercedes-Benz Group must therefore, among other things, check the environmental compatibility of water discharges and soil degradation and take suitable preventive actions. In this way, the Group counteracts the contamination of surface or groundwater in product procurement and production.

Furthermore, the Mercedes-Benz Group expects its suppliers in regions affected by water scarcity not to further increase the existing water stress or water risk and not to endanger access to clean and sufficient water for the population.

1 In 2023, Mercedes-Benz Cars' water consumption was 4.03 m^3/vehicle.
2 This is a voluntary target set by the Mercedes-Benz Group, which applies to all of the Group's own production sites.
3 Revision of target system, adjustment of base year from 2013/2014 to 2023, level of tension maintained/increased.
4 Status in the reporting year: according to plan.
5 In 2023, the water consumption of Mercedes-Benz Vans was 3.32 m^3/vehicle.

When it comes to battery procurement, the Mercedes-Benz Group requires new suppliers to source cobalt, lithium, nickel, natural graphite and manganese in the long term from mines that have been audited by the Initiative for Responsible Mining Assurance (IRMA). The IRMA criteria also include requirements for water consumption. If the supplier uses water in mineral processing, it must identify related challenges and opportunities at local and national levels and mitigate negative impacts on the water resource through appropriate actions.

With the Responsible Lithium Partnership, the Mercedes-Benz Group is committed to the responsible use of one of the world's largest lithium reserves in the Chilean Salar de Atacama. With the joint action plan, the partners in the partnership have agreed to protect the water resources of the catchment area and manage them more sustainably.

Water footprint analysis
In order to assess the importance of water as a resource over the life cycle of a Mercedes-Benz vehicle, the Mercedes-Benz Group analysed the water footprint of selected model vehicles with an external partner. To do this, the Group examined the life cycle phases of a vehicle model and the critical production process steps in the supply chain. The focus was on materials such as lithium, aluminium and copper, which have a high water requirement during production. Various reduction scenarios were identified. The Group is currently evaluating the results of the water footprint analysis in order to derive concrete actions.

Closed water and cooling loops in production
For cooling in production, the Mercedes-Benz Group has started replacing open cooling towers with closed and hybrid cooling systems. Treating and reusing wastewater is a major lever for the Mercedes-Benz Group to reduce water consumption. It therefore recycles water in order to reduce its water requirements and thus water withdrawal.

In June 2023, the Group launched a pilot project in wastewater recycling at the Sindelfingen site (Germany) together with the municipal sewage treatment plant to replace the drinking and well water used in production with treated municipal wastewater. In the reporting year, the site was able to save 165,000 m³ of drinking and well water. Another pilot test at the Mettingen plant (Germany) confirmed that the almost closed cycle saves considerable amounts of water. From 2028, all production and sanitary wastewater at the site is to be treated using a wastewater recycling installation and fed into the existing industrial water network. The same action is currently being tested for the Untertürkheim and Bremen plants (Germany).

Water risk assessment
The Mercedes-Benz Group evaluates all locations worldwide in terms of their location in water stress and water risk areas. To do this, the Group uses the Water Risk Filter of the World Wide Fund for Nature (WWF) and the Aqueduct Water Risk Atlas assessment tool of the World Resources Institute (WRI). The water risks identified through the analyses are known at the locations and extensive wastewater recycling actions have been implemented, for example, for watering green spaces. In addition, there are actions at all locations for wastewater treatment and discharge, water recycling, preventing contamination of groundwater and rainwater, and flood protection.

Metrics

Water consumption

In accordance with the requirements of the CSRD and the associated ESRS, the Group also calculates the total water consumption from water withdrawal minus water discharge[1].

In addition, the Mercedes-Benz Group follows its own calculation method in line with its targets, in accordance with its objectives, which follows the calculation method mentioned above (water consumption = water withdrawal – water return). This relates to high-quality water types consumed by the Mercedes-Benz Group, such as drinking water, surface water, well water or rainwater. This approach does not allow for the deduction of lower quality water types (such as wastewater) from water consumption.

In both cases, the Mercedes-Benz Group regularly evaluates and assesses the main water withdrawal points, discharge routes and consumption. The Mercedes-Benz Group records all water data worldwide using a data tool and uses this to determine its water consumption. The results are reported in consolidated form. The data basis for this is invoices from suppliers. If no invoices are available, the company's own measurements are used. The locations are responsible for fully identifying and documenting the relevant water measuring points. In individual cases, the water data managers at the locations use expert estimates based on experience from previous years or projections based on current water meter data and unit quantity developments if invoices or measurements are not available or not available in time by the end of the year.

In order to balance water consumption in water risk areas, including areas of high-water stress, the Mercedes-Benz Group analyses all locations worldwide with regard to overall water risk and baseline water stress using the Aqueduct Water Risk Atlas of the World Resources Institute (WRI).

According to the Aqueduct Water Risk Atlas, total water risk measures all water-related risks by aggregating all selected indicators from the categories of physical quantity, quality, and regulatory and reputational risk. Baseline water stress reflects the ratio of total water withdrawal to available renewable surface and groundwater supplies. Water withdrawal includes domestic, industrial, irrigation, and livestock purposes. Higher values indicate more competition among users.

1 Water discharge also includes irrigation of green spaces.

Water consumption in own operations (in 1,000 m³) – Calculation in accordance with ESRS

	2024
Water consumption	2,091[1]
Water consumption in areas at water risk[2]	994
Water recycled and reused	146[3]
Water stored	0[4]

1 More than 90% of the data required to calculate the water consumption is based on the invoice and measured values. For the rest, extrapolations and best estimates are used.
2 Including areas of high-water stress
3 More than 95% are based on best estimates.
4 Water storage according to ESRS does not take place at Mercedes-Benz locations.

Water consumption per net revenue[1] (in m³/millions of euros) – Calculation in accordance with ESRS

	2024
Water consumption per net revenue	14.4

1 The net revenue refers to Revenue in the Consolidated Statement of Income/ Loss.

Further information on water consumption (in 1,000 m³) – company-specific

	2024
Mercedes-Benz calculation method	
Water consumption in own operations	7,471
thereof in production	6,238

Water consumption in production per vehicle (in m³/vehicle) – company-specific

	2024
Mercedes-Benz calculation method	
Mercedes-Benz Cars	3.79
Mercedes-Benz Vans	3.56

Biodiversity and ecosystems

Material impacts, risks and opportunities and their interaction with strategy and business model

The Mercedes-Benz Group has identified its material impacts, risks and opportunities related to biodiversity and ecosystems in accordance with the requirements of the ESRS. These are described in the chapter General information under Special considerations for identification of material biodiversity-related impacts, risks and opportunities and presented in the table below.

Biological diversity and the services provided by ecosystems are an indispensable foundation for society and the environment. This makes it all the more important to protect natural habitats. Economic activities along the value chain can have an influence on this.

As a player in the automotive industry, the Mercedes-Benz Group is aware of its role in protecting natural resources, biodiversity and ecosystems. The Mercedes-Benz Group uses the sustainable focus area of the sustainable business strategy Resource Use and Circularity to manage the responsible use of resources across the Group. Further information can be found in the chapter General information under Strategy, business model and value chain.

Through the conscious use of natural resources, impacts that may occur with regard to biodiversity along the value chain, such as land-use change and the spread of invasive species, are to be reduced.

For its own business activities, the Mercedes-Benz Group considers the proximity of its locations to biodiversity-sensitive areas. These are already taken into account when selecting locations and when planning locations. The Group also takes biodiversity-relevant aspects into account in construction projects and checks the need for an environmental impact assessment (EIA). These assessments, when necessary, also include consultations with affected communities to ensure that their concerns and perspectives are taken into account. Additionally, biodiversity-sensitive areas are considered in internal due diligence processes to ensure that impacts on biodiversity are identified and addressed at an early stage.

Suppliers are contractually obligated to comply with minimum requirements regarding biodiversity and deforestation-free supply chains. More detailed information on the structure of the supply chain can be found in the chapter Climate change.

Information on the analysis of the resilience of the Group's strategic sustainability priorities with regard to material impacts, risks and opportunities can be found in the chapter General information under Material impacts, risks and opportunities.

Biodiversity and ecosystems – material impacts, risks and opportunities	Direction of action	Time horizon	Localization	Value chain position		
Contribution to direct influencing factors to the loss of biodiversity						
Impacts						
Impairment of biological diversity due to CO_2 emissions and pollution along the value chain	negative	short-term	local, regional, global	VU	OA	VD
Impairment of biological diversity due to changes in land and fresh/marine water use in the upstream value chain	negative	short-term	regional	VU		
Impairment of biological diversity in the upstream value chain	negative	short-term	regional	VU		
Spread of invasive alien species in the upstream value chain and the use phase of the vehicles	negative	short-term	regional	VU		VD

VU = Value chain upstream OA = Own business activity VD = Value chain downstream

● = actual ○ = potential ◯ = ESRS compliant target filed

Consideration of biodiversity and ecosystems in strategy and business model

In addition to the materiality assessment, the Mercedes-Benz Group has separately determined the resilience of its strategy and business model with regard to biodiversity and ecosystems. Detailed information on the scope, key assumptions and stakeholder involvement in the materiality assessment is described in the chapter General information under Material impacts, risks and opportunities and in the section Special considerations for identification of material biodiversity-related impacts, risks and opportunities of this chapter.

In the resilience analysis, the Mercedes-Benz Group assessed its ability to respond to and adapt to external influences and crises related to biodiversity risks in the upstream value chain and its own business activities based on the scenario analysis. This includes the ability to manage risks associated with the loss of biodiversity, including the ability to respond and adapt to transition risks, physical and systemic risks. As part of the materiality assessment, transition risks, physical risks, and systemic risks were examined, with no significant risks identified for biodiversity and ecosystems. For the scenario analysis, relevant risks were selected. Since only transition risks were identified as relevant, these were chosen and discussed in the scenario analysis.

The Mercedes-Benz Group analysed the status quo and took into account all existing risk mitigation or adaptation actions. Building on the resilience analysis, stakeholders were mapped for each risk. This provides an overview of possible stakeholders who can be consulted in engagement programmes. The resilience analysis has shown that the Mercedes-Benz Group possesses the capabilities to adapt its strategy and business model to the identified challenges related to biodiversity and ecosystems.

Policies

The preservation of biodiversity plays an important role for the Mercedes-Benz Group. In addition to direct impacts on biodiversity along the value chain, indirect impacts can also affect biodiversity and ecosystems through, for example, emissions to air and water and resource use.

The Mercedes-Benz Group therefore pursues the ambition to protect and promote biodiversity and ecosystems. The Group has developed policies and actions to deal with these impacts, which are described in the chapters Climate change, Pollution, Water and marine resources and Resource use and circular economy. The policies and actions mitigate and minimize the direct and indirect impacts of the Mercedes-Benz Group along the value chain. In doing so, possible social consequences associated with these impacts can also be addressed.

The Mercedes-Benz Group follows the mitigation hierarchy by reducing or avoiding environmental impacts where possible and compensating where necessary.

The Group is committed to the three fundamental objectives of the International Convention on Biological Diversity (CBD) and the Kunming-Montreal Biodiversity Framework: conservation of biological diversity, sustainable use of biodiversity and equitable sharing of benefits arising from the use of genetic resources.

Furthermore, the Mercedes-Benz Group urges its partners through the RSS to minimize the additionally required land use and degree of sealing, or to take due diligence measures to support the long-term protection of these natural ecosystems.

Supplier management and protection against illegal deforestation

The contractual conditions for suppliers of the Mercedes-Benz Group also set requirements for the protection of biodiversity. The Responsible Sourcing Standards (RSS) expect, among other things, that suppliers avoid environmental damage and take due diligence measures to protect biodiversity. This includes, among other things, that suppliers take appropriate due diligence measures to support the long-term protection of natural ecosystems, including the protection of natural and cultural values, if there are risks for the conversion of natural forests or other natural ecosystems. In addition, the Group requires its suppliers to set up an environmental management system in accordance with ISO 14001 or EMAS, through which biodiversity-relevant activities must be identified and monitored. This increases transparency in the supply chain, which improves the traceability of materials.

The Mercedes-Benz Group requires its suppliers not to contribute to or profit from illegal deforestation through their own business activities. In addition, it contractually obliges its suppliers to take due diligence measures to support the protection of natural forests down the supply chain.

Detailed information regarding the requirements for suppliers, the responsibilities within the Group for the implementation of these requirements and the monitoring of these processes can be found in the chapter Climate change mitigation in the upstream value chain under Policies.

Prevention of the spread of invasive species

The global exchange of goods can also inadvertently transport plants and animals over long distances into areas where they are not native. These invasive or alien species can have negative impacts on biodiversity.

The Mercedes-Benz Group is driving forward its local-for-local strategy to make its supply chain more resilient and reduce transport routes. This approach also helps prevent the spread of invasive or alien species.

Promotion of biodiversity at the production sites

The Mercedes-Benz Group has the ambition to act in an environmentally conscious manner at all locations and to continuously improve its operational environmental performance. This also includes preserving and promoting biodiversity at the production sites.

As part of an internal environmental due diligence process to assess environmental risks, the Group creates location profiles for its production plants worldwide. The Group takes into account, among other things, the degree of sealing of the sites, the hydrogeological situation and the classification of the area according to the type of building use and the use in the immediate vicinity. It also checks and documents whether the site and the surrounding area are in ecologically sensitive areas or protected zones. When planning sites, the Group also takes into account the land use for construction projects, which should generally be kept as low as possible.

Some of the German plants of the Mercedes-Benz Group evaluate their areas using the internally developed biodiversity index (BIX). An internal guideline has been created for this purpose, which the sites can use as a guide. This makes it possible to categorize the areas based on their nature using an internal evaluation matrix. This enables the sites to identify their areas in terms of their potential and develop actions to increase biodiversity and thus ecological value.

Biodiversity aspects are part of the environmental management assessment process at the individual sites. Detailed information on responsibilities and the monitoring of sustainability processes at the production sites can be found in the chapter Climate change mitigation in own business activities under Policies.

Actions

Policy initiatives and partnerships to promote biodiversity

In addition to its operational business activities, the Group is involved in foundations such as the Global Nature Fund as well as in various associations, committees and sustainability initiatives. The Group is also committed to the International Convention on Biological Diversity (CBD) with a focus on the conservation of biological diversity (genetic diversity, species diversity, diversity of habitats), sustainable use of biological diversity and a fair sharing of the benefits arising from the use of genetic resources.

The Mercedes-Benz Group is a member of the Biodiversity in Good Company initiative (BiGC). By joining the initiative, the Group wants to intensify its commitment to greater sustainability and aims to promote biodiversity, particularly in its supply chains, through cooperation and knowledge exchange with other companies.

Furthermore, the Mercedes-Benz Group AG and Hydro (Norsk Hydro ASA, Norway) together with local NGOs and partners signed a memorandum of understanding on cooperation in the state of Pará, Brazil, during the reporting year. Together they want to promote the preservation of biodiversity in the Amazon region in order to achieve progress for people and nature. The programme will initially identify ways to curb deforestation. In addition, contributions will be made to the regeneration of nature.

Supplier management and protection against illegal deforestation

The contractual terms in supplier management at the Mercedes-Benz Group also cover aspects of biodiversity and deforestation-free supply chains. Suppliers' business activities must not contribute to or benefit from the illegal conversion of natural ecosystems or the endangerment of natural forests. In addition, suppliers must implement due diligence measures to support the protection of natural forests further down the supply chain.

For battery-related contracts, the Group requires an IRMA audit of mines for cobalt, lithium, nickel, graphite, manganese and copper. Accordingly, the mine operators are required to assess possible impacts on biodiversity, ecosystems and protected areas near the mining area, mitigate negative impacts and check the effectiveness of the actions. Detailed information on the IRMA audit is described in the chapter Water and marine resources under Actions. The Mercedes-Benz Group expects its suppliers to comply with the established goals and measures and to pass on and enforce these requirements with their own suppliers.

When dealing with impacts on biodiversity along the supply chain, the Mercedes-Benz Group follows the principle of "empowerment before withdrawal". Accordingly, the Group does not generally exclude high-risk areas as sources of critical raw materials. Rather, the approach aims to improve the situation on site for people and the environment and to work closely with relevant stakeholders in the raw material-

specific supply chains. The Mercedes-Benz Group is thus guided by the recommendations of NGOs, policymakers and other relevant interest groups.

The production of leather and the associated animal husbandry, for example in Brazil, can have a negative impact on biodiversity due to changes in land use. Only around 5% of the leather used by the Mercedes-Benz Group comes from Brazil. The Group already sources more than half of this leather from companies that make it possible to fully trace the hides back to the farm where the cattle were born. The Mercedes-Benz Group is also working on creating this transparency for the other leather components from Brazil. To this end, the Mercedes-Benz Group has signed a memorandum of understanding with a local supplier and an international organization in which they commit to working together on solutions for deforestation-free leather supply chains. Hides identified as critical are excluded from further processing in Mercedes-Benz Group products. Detailed information on the sourcing of leather products is described in the chapter Resource use and circular economy under Actions.

Biodiversity at the production sites

The Mercedes-Benz Group has developed internal recommendations for action that serve as basic information for improving land use and improving biodiversity at its German sites. These provide plants and business units with practical advice on how they can design their land in a way that is close to nature.

The Mercedes-Benz Group has already established numerous actions in its production plants worldwide to protect, preserve and improve biodiversity. For example, nesting aids for native birds and insects have been built and wild bee hotels have been set up. Some locations have created green roofs, dry streams and stone areas as habitats for cold-blooded animals as well as rock gardens and flower meadows.

The German Nature and Biodiversity Conservation Union (NABU) monitors and documents the implementation of actions to protect flora and fauna at the German sites. The actions were decided individually at the level of the factory sites and their management and implemented in cooperation with the environmental protection, technical service and factory planning departments.

The Group uses regular internal communication actions to raise awareness among its employees about the importance of biodiversity.

Protection of biodiversity during vehicle use

Based on the materiality assessment, the ENCORE tool and life cycle assessment evaluations, the Mercedes-Benz Group determined that climate change mitigation and resource conservation are the relevant levers for reducing a product-related biodiversity footprint. The Mercedes-Benz Group addresses both levers through concrete targets and actions in the areas of Climate change and Resource use and circular economy.

Resource use and circular economy

Material impacts, risks and opportunities and their interaction with strategy and business model

The Mercedes-Benz Group has identified its material impacts, risks and opportunities related to resource use and the circular economy in accordance with the requirements of the ESRS. These are described in the chapter General information under Identification of material impacts, risks and opportunities and presented in the table below.

The steadily increasing resource consumption worldwide has negative impacts on the environment and society. Extracting and processing primary raw materials is often energy-intensive and can harm the environment. The Mercedes-Benz Group has the ambition to increasingly decouple resource consumption from the growth of its production output and to keep the consumption of primary resources as low as possible. In this way, the Group wants to make a contribution to promoting both economic growth and sustainability. The Mercedes-Benz Group can only achieve this by consistently conserving resources and further closing the recycling cycles. The Mercedes-Benz Group is also increasingly orienting itself towards the principles of the circular economy.

In addition, the Mercedes-Benz Group formulates minimum requirements for its suppliers in order to counteract negative impacts on resource consumption in the upstream value chain. The Responsible Sourcing Standards require direct suppliers to adhere to specifications for protecting the environment and resources, for example, by providing information on the use of sustainable materials. Additional information on the structure of the supply chain can be found in the chapter General information under Strategy, business model and value chain and in the chapter Climate change mitigation in the upstream value chain under Policies.

The Mercedes-Benz Group aims to keep the amount of waste generated in production as low as possible. To this end, the total waste, including waste for disposal, is to be steadily reduced.

The Mercedes-Benz Group manages the issue of resources and recycling through the sustainable focus area of Resource Use and Circularity. Further information can be found in the chapter General information under Strategy, business model and value chain.

Information on the analysis of the resilience of the Group's strategic sustainability focus areas with regard to the material impacts, risks and opportunities can be found in the chapter General information under Material impacts, risks and opportunities.

Resource use and circular economy – material impacts, risks and opportunities	Direction of action	Time horizon	Localization	Value chain position		
Resource inflows, including resource usage						
Impacts						
Resource consumption along the value chain	negative	short-term	global	VU	OA	VD
Resource outflows in connection with products and services						
Impacts						
Recycling of vehicles	positive	medium-term	regional			VD
Waste						
Impacts						
Waste generation along the value chain	negative	short-term	local, regional	VU	OA	VD

VU = Value chain upstream OA = Own business activity VD = Value chain downstream

= actual = potential = ESRS compliant target filed

Policies

Decoupling resource consumption from growth

The Mercedes-Benz Group wants to increasingly decouple its resource consumption from the growth of its production output and keep the consumption of primary resources as low as possible. Plastics, steel and aluminium are particularly important materials for this approach, as they are required in large quantities in vehicle production and are particularly energy and resource intensive.

The Mercedes-Benz Group is increasingly focusing on the circular economy. With the aim of establishing a design-for-circularity approach, durability, repairability, reusability and recyclability are particularly taken into account in the development of their vehicles and components. When developing products, the Group creates a recycling concept for each type of recycling right from the start. To do this, it analyses all components and materials and checks to what extent they are suitable for the various stages of the recycling process.

The ambition of the Mercedes-Benz Group with regard to its resource consumption and circular economy is described in the section Material impacts, risks and opportunities and their interaction with strategy and business model.

Resource conservation along the value chain

Mercedes-Benz Cars and Mercedes-Benz Vans strive to limit the amount of primary material and increasingly reduce its proportion through the use of secondary materials. For new Mercedes-Benz vehicles, the Mercedes-Benz Group specifies a minimum proportion of recycled material for each focus material in its specifications.

Already during vehicle development, Mercedes-Benz Cars and Mercedes-Benz Vans follow the “Design for Environment” approach. During the conception phase, experts from the specialist departments rethink the composition of the materials, examine alternatives, use recycled materials where possible and pay attention to lightweight construction and recyclability. This should make the vehicles more resource-efficient throughout their entire life cycle. The Head of Development of Mercedes-Benz Group AG is always involved in fundamental decisions regarding construction concepts, manufacturing technologies and the use of materials. To do this, it takes a variety of factors into account – in addition to costs, resource-efficient technologies and the use of alternative materials such as secondary materials and renewable raw materials, this also includes industrialisation options. In doing so, it examines the extent to which development results can be transferred to large-scale industrial production, for example, with regard to the use of raw materials.

The Group assesses the resource efficiency of a vehicle based on various factors. The Mercedes-Benz Group takes into account, among other things, the medium and long-term availability of raw materials, social acceptance and the social and environmental impacts and risks of the raw materials. In product development, the Group uses material balances to assess and compare different vehicles, components and technologies. The 360° Environmental Check of the vehicles at Mercedes-Benz Cars also contributes to this, which is described in the chapter Climate change mitigation in the downstream value chain under Policies.

Together with its suppliers, the Mercedes-Benz Group aims to continuously increase the proportion of secondary materials in its vehicles. With the Responsible Sourcing Standards (RSS), the Mercedes-Benz Group defines environmental requirements in its supplier contracts and requires information on the use of secondary materials. In addition, the Group expects its suppliers to choose to use secondary, bio-based and renewable materials wherever possible and to develop new sources of secondary raw materials. Basic information on the contract terms and requirements for suppliers as well as the responsibilities within the Group for implementing these requirements can be found in the chapter Climate change mitigation in the upstream value chain under Policies and in the chapter Workers in the value chain under Policies.

The Mercedes-Benz Group aims to keep the amount of waste generated in production as low as possible and to reduce it continuously, taking the waste hierarchy[1] into account. To this end, it aims to continuously reduce total waste, including waste for disposal. Basic information on the policy at the production sites is also described in the chapter Climate change mitigation in own business activities under Policies.

As an automobile manufacturer, the Mercedes-Benz Group is responsible for ensuring that the Group’s end-of-life vehicles, which have been handed over to Mercedes-Benz AG’s collection network in Germany free of charge by the last owner, are disposed of in an environmentally friendly manner. The Group strives to avoid vehicle waste and to promote the return, reuse and recycling of vehicles and their components.

Identification of critical raw materials

Electromobility is changing the need for increased use of specific raw materials such as cobalt and lithium. The Mercedes-Benz Group analyses these raw materials in comprehensive raw material assessments in order to counteract potential human rights and environmental risks. The Group is conducting intensive research into substitution technologies for critical raw materials. Suppliers are involved in these processes in order to jointly pursue the strategic ambitions.

1 A waste hierarchy defines the various approaches for handling waste and prioritizes them. The most important measures are those that are especially environmentally compatible.

Involvement in raw material initiatives

For the Mercedes-Benz Group, involvement in raw material initiatives is an important tool for promoting the responsible procurement of raw materials. The Mercedes-Benz Group focuses on the resources aluminium and steel.

The Mercedes-Benz Group has been a member of the Aluminium Stewardship Initiative (ASI) since 2018. It thus supports an independent certification system with ethical, ecological and social aspects for the entire aluminium value chain. The suppliers of the European foundries and press shops of the Mercedes-Benz Group only receive orders on the condition that all production stages of the primary aluminium used, from the mine to the rolling mill, are ASI-certified.

Since 2018, the Mercedes-Benz Group has also been a member of the Responsible Steel Initiative, which is developing a uniform certification scheme. This includes requirements for the responsible use of resources and addresses the greenhouse gas emissions of the steel industry.

Targets

The Mercedes-Benz Group uses internal processes to monitor the progress and effectiveness of its policies and actions related to resource conservation. In order to review its management approach and its set targets and to adapt them if necessary, the Mercedes-Benz Group relies on dialogues with external stakeholders and uses the results obtained. Further information on these dialogues can be found in the chapter Climate change under Policies.

External and internal sustainability requirements at the Mercedes-Benz Group are anchored in a target system approved by the Board of Management of Mercedes-Benz Group AG. The Group reviews the targets annually.

The ambition of the Mercedes-Benz Group is to decouple resource consumption from volume growth by increasing the use of secondary material in their vehicles. To this end, the Group has set itself a corresponding goal, which was developed based on a strategic planning scenario.

- Using secondary raw materials of 40% within the next decade in line with the “Ambition 2039”[1, 2].

To achieve its goals, the Mercedes-Benz Group aims to minimize the share of primary raw materials and use circular-oriented materials, focusing on the Design-for-Circularity approach for product design. Additionally, the Mercedes-Benz Group is working on increasingly using renewable raw materials.

To achieve the ambition of reducing waste generation in production, the Mercedes-Benz Group has set corresponding targets.

- Reduce the total amount of waste per vehicle in production by 19% (Mercedes-Benz Cars) and 16% (Mercedes-Benz Vans) by 2030 compared to 2023[2, 3, 4, 5].
- Reduce the waste for disposal per vehicle in production by 41% (Mercedes-Benz Cars) and 65% (Mercedes-Benz Vans) by 2030 compared to 2023[2, 4, 5, 6].

To define and achieve its objectives, the Group follows the waste hierarchy, according to which waste prevention has first priority.

1 Voluntary goal.
2 Status in the reporting year: according to plan.
3 In 2023, the total amount of waste per vehicle in production was 401.2 kg/vehicle (cars) or 103.3 kg/vehicle (vans).
4 Revision of target system, adjustment of base year from 2018 to 2023, level of tension maintained/increased.
5 The voluntary target refers to the first level of the waste hierarchy (prevention).
6 In 2023, the waste for disposal per vehicle in production was 3.5 kg/vehicle (cars) or 9.1 kg/vehicle (vans).

Actions

Secondary materials and renewable raw materials

The Mercedes-Benz Group relies on secondary materials, such as recyclates, as well as on the use of renewable raw materials in its vehicles. Mercedes-Benz Cars and Mercedes-Benz Vans already use recycled materials in all series-produced vehicles.

These include, for example, upholstery fabrics for the interior, which are made from up to 100% recycled PET, as well as leather-free equipment variants, which consist of up to 73% recycled material. In collaboration with Pyrum Innovations AG and BASF, a new type of recycled plastic is being created through chemical recycling of used vehicle tires. The Mercedes-Benz Group is already using the innovative plastic in series for various components and wants to continuously use chemical recycling for other plastic components in the vehicle. These secondary materials can help to reduce CO_2 emissions in the manufacturing process of the materials and reduce the primary resource requirement.

In addition to secondary raw materials, the Mercedes-Benz Group also relies on the use of natural fibres and textiles to replace conventional plastics with renewable raw materials. The Group already uses a wide range of renewable raw materials such as hemp, kenaf, wool and natural rubber.

Lightweight construction to reduce resource usage

The right materials as well as intelligent component design and manufacturing technology can significantly reduce the weight of a vehicle while maintaining high safety and comfort standards. Lightweight construction can therefore directly reduce the amount of material needed to manufacture the vehicle. It should be noted that in electric vehicles the eDrive system accounts for the largest proportion of the weight, while in conventionally powered cars the bodyshell is the heaviest. For the body, the Mercedes-Benz Group is increasingly working with aluminium alloys for external body parts and reinforcement parts in order to optimize the weight and functionality of the vehicle bodyshell.

Sustainable materials in the supply chain

As part of the Group-wide Responsible Sourcing Standards (RSS), the Mercedes-Benz Group expects its suppliers to continuously develop and scale recycling technologies and to develop alternative sustainable materials in order to ensure the highest possible use of secondary materials in the product. The Mercedes-Benz Group wants to respond to volatile purchasing prices for sustainable materials through partnerships and long-term supply contracts. More cross-topic information on the RSS can be found in the chapter Climate change mitigation in the upstream value chain under Policies.

The Group is researching animal-free, resource-saving alternatives to genuine leather. When the Mercedes-Benz Group develops and selects these materials, it ensures that the proportion of recycled material is as high as possible or that renewable raw materials are used instead of petroleum-based raw materials.

In selected models, Mercedes-Benz already offers sustainably produced and processed leather, tanned exclusively with plant-based, organic-mineral, or alternative chrome-free tanning agents. This offering will also be extended to models of the upcoming vehicle architecture. For future model series, the company aims to secure leather from producers certified to the Gold Standard of the Leather Working Group. This includes, among other things, the requirement to reduce water, energy, and chemical usage in the tanning process.

In addition, the Mercedes-Benz Group is working with its suppliers to improve the environmental impact of leather products. Partners must submit a life cycle assessment for the entire value chain so that they can take targeted actions to reduce the ecological footprint of the leather. Information on the requirements for suppliers regarding deforestation-free leather supply chains can be found in the chapter Biodiversity and ecosystems under Actions.

Contribution to circular economy
The overarching goal of the circular economy is to preserve the value of products, components and materials for as long as possible. The Mercedes-Benz Group is also increasingly relying on actions that promote the circular economy.

Reuse
The Mercedes-Benz Used Parts Centre (MB GTC) uses components from Mercedes-Benz vehicles that are no longer in use and sells them as used spare parts. Only if the removed parts meet the strict quality requirements of the MB GTC are they offered for sale with the same guarantee as a new part. Components that do not meet the requirements of the MB GTC are recycled. This allows valuable raw materials to be recovered and kept in circulation, in particular copper from vehicle cables, gold from control unit circuit boards or platinum from catalytic converters.

Lithium-ion batteries also contain valuable raw materials such as lithium or cobalt. For this reason, the Mercedes-Benz Group is striving to reuse the battery in the vehicle or to convert it for use in a stationary energy storage system. The Group is gradually expanding its solutions for remanufacturing and reuse defective batteries to include newer battery generations. In this way, the Group is improving the environmental footprint of electric vehicles and at the same time contributing to a more sustainable energy industry.

Recycling and recovery
Aluminium scrap plays a crucial role in reducing the Mercedes-Benz Group's primary resource requirements. To achieve this, the Group relies on innovative recycling processes and cooperation with partners.

In partnership with aluminium manufacturer Hydro, Mercedes-Benz Group AG has brought components for the bodyshell made of CO_2-reduced aluminium with a minimum proportion of 25% post-consumer scrap into series production.

Batteries are an important component in the transition to climate-friendly electric mobility. The Mercedes-Benz Group has the ambition to further increase the recycling rate of batteries in order to use the raw materials they contain in the long term. If a battery can no longer be reprocessed or reused, it is recycled.

During the reporting year, Mercedes-Benz AG built its own pilot factory for recycling lithium-ion battery systems at the Kuppenheim site (Germany). The ambition is to achieve a recovery rate of more than 96% with their integrated mechanical-hydrometallurgical process. In the reporting year, it is the first facility of its kind in Europe. While the mechanical process sorts plastics, copper, aluminium and iron by type in a complex, multi-stage process, the downstream hydrometallurgical process deals with the so-called black mass. In a multi-stage chemical process, the valuable metals cobalt, nickel and lithium are extracted individually. These recyclates are of battery quality and are therefore suitable for the production of new battery cells. The installation is being funded by the German Federal Ministry for Economic Affairs and Climate Action as part of a scientific research project. Mercedes-Benz AG is also working with partners in China and the United States to create a closed materials cycle for batteries.

In a pilot project with TSR Recycling GmbH & Co. KG, Mercedes-Benz AG wants to gain a better understanding of the potential of post-consumer materials in Europe. To this end, the partners have signed a memorandum of understanding that relates, among other things, to the recovery of secondary raw materials through urban mining. The focus is on steel, aluminium, plastics, copper and glass. Together, the two companies want to analyse the demand for secondary raw materials and their sources and carry out an economic assessment over the course of 2025.

The German retail organization's workshop disposal system Mercedes Recycling Management System (MeRSy) collects and recycles workshop waste, including vehicle parts, fluids and spare parts packaging that arise during the maintenance or repair of vehicles.

For the environmentally friendly disposal of returned Mercedes-Benz vehicles in line with the end-of-life vehicle regulation, the Mercedes-Benz Group commissions partners with Germany-wide networks of recognized collection points in order to ensure that the vehicles are disposed of in an environmentally friendly and legal manner. Recognized and certified dismantling companies process the end-of-life vehicles and remove

all fluids. During dismantling, the companies remove components, substances and materials that are either disposed of as pollutants or, in accordance with legal requirements, are primarily reused or recovered. In accordance with the legal requirements of the End-of-Life Vehicle Ordinance, the dismantling companies are obliged to take adequate precautions to ensure that they do not impair the quality of the recyclable waste. In addition, they must avoid endangering the environment and comply with the relevant legal regulations on environmental protection.

Reduction of waste volumes

In Europe, the Mercedes-Benz Group records waste according to waste code numbers and disposes of it in accordance with legal regulations. The Mercedes-Benz Group works with licensed and regularly certified waste disposal companies to ensure the professional disposal of waste.

With the help of new and optimized production processes and partnerships throughout the entire value chain, the Mercedes-Benz Group reduces waste and prepares it for reuse or recovery. Less than 1% of the waste from Mercedes-Benz Cars had to be disposed of in the reporting year.

For transparency regarding internal waste flows, Mercedes-Benz AG implemented an IT and measurement system at its German locations during the reporting year. In addition to the waste code numbers and the recording of waste types, the new system offers the possibility of allocating waste generated in operations according to the originator, i.e. at the level of the areas of responsibility.

In addition, the Mercedes-Benz Group continues to reduce waste such as offcuts, sands, rejects and sludges through new or optimized production processes.

The introduction of a resource cycle in Mettingen leads to a saving of 20 metric tons of plastic caps per year. Plastic caps, which protect the gearboxes from damage or pollution, are now cleaned and reused instead of being shredded.

Metrics

Resource inflows

The vehicles of the Mercedes-Benz Group are made of materials such as steel, iron materials, light metals, polymer materials and other materials. The Mercedes-Benz Group uses natural resources, e.g. water, and technical resources such as raw materials and vehicle parts as well as property, plant and equipment for its production processes. Information on the water used in the Group's own business activities can be found in the chapter Water and marine resources under Metrics.

The total material inflow includes the vehicle-relevant gross material usage, which consists of the materials installed in the vehicle and the production-related waste quantities.[1]

The Group records the quantity structure for vehicle materials via IMDS (International Material Data System) and multiplies this by the number of units. The information of the trim waste quantities are provided via the internal disposal management.

1 Information exclusively for Mercedes-Benz Cars.

The Group determines the secondary material content by analysing supplier declarations in IMDS and surveys of semi-finished product suppliers, taking into account industry standard values provided by institutions.

Resource inflows Mercedes-Benz Group	
	2024
Total weight of products and technical and biological materials used during the reporting period (in 1,000 t)	4,096
Share of certified biological materials (in %)	0
Weight of secondary materials (in 1,000 t)	711
Share of secondary materials (in %)	17.4

Quantities of waste

The waste generated by the Mercedes-Benz Group primarily results from production waste quantities. Significant waste streams in production include, for example, scrap, sand, emulsions, rinsing solutions from technical cleaning, household-like waste, and packaging. These waste streams encompass metals (e.g., steel/aluminium scrap) as well as non-metals (e.g., plastics and textiles). Additionally, all other waste generated by the Mercedes-Benz Group is recorded.

Waste (in 1,000 t)	
	2024
Hazardous waste: Preparation for reuse	0.2
Hazardous waste: Recycling	21.3
Hazardous waste: Other recovery	24.7
Total amount of hazardous waste diverted from disposal	46.2
Non-hazardous: Preparation for reuse	2.7
Non-hazardous: Recycling	561.3
Non-hazardous: Other recovery	85.1
Total amount of non-hazardous waste diverted from disposal	649.1
Total amount of waste diverted from disposal	695.3
Hazardous waste: Incineration	2.3
Hazardous waste: Landfill	8.8
Hazardous waste: Other disposal operations	2.6
Total amount of hazardous waste directed to disposal	13.7
Non-hazardous: Incineration	1.5
Non-hazardous: Landfill	5.7
Non-hazardous: Other disposal operations	3.6
Total amount of non-hazardous waste directed to disposal	10.9
Total amount of waste directed to disposal	24.6
Total amount of waste	720.0
thereof non-recycled waste[1]	134.4
thereof percentage of non-recycled waste in %	18.7
thereof radioactive waste	0

1 The definition of recycling is based on the requirements of the ESRS. This includes the volumes under the category “Recycling” and the volumes under the category “Preparation for Reuse”.

Further information on waste (in 1,000 t) – company-specific	
	2024
Total amount of waste	720.0
thereof in production	518.0

Waste in production per vehicle (in kg/vehicle) – company-specific	
	2024
Waste Mercedes-Benz Cars	
Total amount of waste in production	367.5
thereof waste directed to disposal	2.4
Waste Mercedes-Benz Vans	
Total amount of waste in production	88.6
thereof directed to disposal	8.1

The Mercedes-Benz Group regularly evaluates and assesses the hazardous and non-hazardous waste it generates in the waste categories specified by the ESRS. The Mercedes-Benz Group records its amount of waste generated worldwide using an internal data management system and reports the results in aggregated form. The types of waste and the corresponding quantities are assigned to the respective categories by the locations. The quantities are mostly recorded using direct interfaces in IT data collection systems or using individual data collection tools at the locations. The determination is based on weight data, either through weighing at the sites or weighing data from the disposal companies. For a small proportion, estimates are made, particularly based on extrapolations.

EU Taxonomy

One of the important goals of the Commission Action Plan on Financing Sustainable Growth in the context of the European Green Deal is to divert capital flows to sustainable investments. This is also the logic behind the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, and amending Regulation (EU) 2019/2088 (hereinafter referred to as the "Taxonomy Regulation") that came into force in mid-2020. This regulation governs the establishment of a standardized and legally binding classification system that defines the types of economic activities in the EU that are considered to be Taxonomy-aligned – and thus environmentally sustainable with regard to six environmental objectives established by the regulation:

- Climate change mitigation
- Climate change adaption
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Companies that are required to publish a Non-Financial Declaration must also comply with the Taxonomy Regulation. According to Article 8 of the Taxonomy Regulation, the Taxonomy-aligned proportions of revenue, capital expenditure and operating expenditure accounted for by environmentally sustainable economic activities are to be reported by companies on an annual basis. An economic activity is classified as Taxonomy-aligned if it is described in the delegated acts for the Taxonomy Regulation, makes a substantial contribution to an environmental objective, does not significantly harm any other environmental objective and meets the minimum standards that are based on international frameworks.

For the environmental objectives climate change mitigation and climate change adaptation, the delegated acts of the EU (Commission Delegated Regulation (EU) 2021/2139 and its supplement, Commission Delegated Regulation (EU) 2023/2485, which was adopted by the European Commission in June 2023) contain descriptions of relevant economic activities and technical screening criteria. In 2023, a further delegated act of the EU (Commission Delegated Regulation (EU) 2023/2486) containing economic activities and technical screening criteria relevant for the remaining environmental objectives was published.

Taxonomy-eligibility

Taxonomy-eligibility is assessed in an initial step. For an economic activity to be Taxonomy-eligible, that activity must be mentioned and explained in further detail in the delegated acts for the Taxonomy Regulation. The economic activities are identified by a numbering system specified in the delegated acts.

The economic activities relevant to the Mercedes-Benz Group in this context are to be found under the environmental objectives **climate change mitigation** and **transition to a circular economy**.

On the basis of the descriptions contained in the delegated acts relating to **climate change mitigation** ((EU) 2021/2139 and (EU) 2023/2485), the following Taxonomy-eligible economic activities have been identified for the Group:

- Economic activity 3.3 encompasses manufacturing of low-carbon technologies for transport in connection with the production of cars and vans.
- Economic activity 3.18 encompasses manufacturing of automotive and mobility components.
- Economic activity 6.5 encompasses leasing and financing of low-carbon cars and vans.
- Economic activity 6.6 encompasses leasing and financing of low-carbon commercial vehicles.

– Economic activity 6.15 encompasses infrastructure for low-carbon road transport and public transport (charging infrastructure).

Economic activity 3.3 relates to the manufacturing of all vehicles. In a Commission Notice (2022/C 385/01) published by the European Commission on 6 October 2022, the Commission stated that the term "low-carbon" only relates to the assessment of Taxonomy-alignment within the framework of the technical screening criteria and is not relevant for reporting on the Taxonomy-eligible economic activity 3.3. With regard to car manufacturers in particular and as an example, the document shows that the activity "manufacture of low-carbon vehicles" also includes vehicles with combustion engines. For the Mercedes-Benz Group, this clarification by the European Commission means that the manufacture of all Group vehicles is to be classified as Taxonomy-eligible.

Economic activity 3.18 relates to the manufacturing of all components that are sold to third parties. From the Mercedes-Benz Group view, the clarification contained in the Commission Notice (2022/C 385/01) on the term "low-carbon" of economic activity 3.3 can also be applied to the requirement contained in the description of the activity 3.18 with regard to "essential for delivering and improving the environmental performance of vehicles". This requirement only relates to the assessment of Taxonomy-alignment and is not relevant for reporting on the Taxonomy-eligibility. As a result, all components, including those for vehicles with combustion engines, are classified as Taxonomy-eligible. However, there is some uncertainty regarding the Mercedes-Benz Group's interpretation considering the question 17 of the Draft Commission Notice, published by the European Commission on 29 November 2024, and considering that the requirement "essential for delivering and improving the environmental performance of vehicles" is not relevant for the reporting on the Taxonomy-eligibility.

Economic activity 6.5 concerns all passenger cars and vans that are initially purchased from third parties and subsequently subject to leasing and sales financing, as well as the remarketing of these vehicles.

Economic activity 6.6 essentially covers the remaining commercial vehicle portfolio of Mercedes-Benz Mobility after the spin-off and hive-down of the Daimler commercial vehicle business.

Economic activity 6.15 relates to the establishment and operation of company-owned charging infrastructure by means of high-power charging stations, which are a prerequisite for zero tailpipe CO_2 operation of zero-emissions road transport.

Based on the descriptions contained in the delegated act on the **transition to a circular economy** ((EU) 2023/2486), the Taxonomy-eligible economic activity 5.4 was identified for the Group. It includes the sale of used vehicles purchased by the Mercedes-Benz Group from third parties.

The individual economic activities are also to be classified according to enabling activities and transitional activities. An enabling activity is an economic activity that makes a significant contribution to one or more environmental objectives by directly enabling other activities to also make a significant contribution. At the Mercedes-Benz Group, this applies to economic activities 3.3, 3.18 and 6.15. A transitional activity, in contrast, is an economic activity for which there is no technologically and economically feasible low-carbon alternative, but which makes a substantial contribution to climate change mitigation by supporting the transition to a climate-neutral economy. This does not apply to any economic activity at the Mercedes-Benz Group, as only all-electric vehicles are taken into account in the Taxonomy-aligned scope of the economic activity 6.5.

According to the Commission Notice (2022/C 385/01) that the European Commission published on 6 October 2022, the definition of an economic activity is characterized by the achievement of revenues by products. These do not exist with regard to the economic activities in certain energy sectors listed in the supplement to the delegated act (EU) 2022/1214 on climate objectives at the Mercedes-Benz Group. In accordance with the delegated act of the EU (Delegated Regulation (EU) 2022/1214), we provide the required Template 1:

Template 1 Nuclear and fossil gas related activities		
Row	**Nuclear energy related activities**	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Taxonomy-alignment

In a further step, Taxonomy-alignment must be assessed for Taxonomy-eligible economic activities. Only Taxonomy-eligible activities can be considered as environmentally sustainable activities, or as being Taxonomy-aligned, provided they meet certain technical screening criteria. Here, the fulfilment of certain technical screening criteria with regard to the relevant economic activities must make a substantial contribution to an environmental objective defined by the Taxonomy Regulation and, on the basis of defined “do no significant harm” criteria (DNSH criteria), also exclude the possibility of significant interference with another environmental objective. It must also be ensured that minimum standards are met with regard to issues such as upholding human rights or combating corruption (minimum safeguards).

Fulfilment of a substantial contribution

According to the delegated acts ((EU) 2021/2139 and (EU) 2023/2485), for economic activities 3.3 and 6.5, all vehicles below the limit value anchored in the technical screening criteria of currently 50 g CO_2/km per vehicle (according to WLTP) make a substantial contribution to the environmental objective climate change mitigation. At the Mercedes-Benz Group, all-electric vehicles and the majority of plug-in hybrid vehicles are below this threshold. These vehicles are hereafter referred to as “low-carbon vehicles”.

For the economic activity 3.18, according to the delegated act (EU) 2023/2485, the components that are essential for delivering and improving the environmental performance of all-electric vehicles make a substantial contribution to the environmental objective climate change mitigation. In recital 9 of the delegated act (EU) 2023/2485, components for vehicles are mentioned that are decisive for the environmental performance. From the perspective of the Mercedes-Benz Group, only the components for all-electric vehicles listed there make a substantial contribution to the environmental objective climate change mitigation.

For economic activity 6.6, according to the delegated acts ((EU) 2021/2139 und (EU) 2023/2485), essentially only all-electric vehicles make a substantial contribution to the environmental objective climate change mitigation.

For economic activity 6.15, according to the delegated acts ((EU) 2021/2139 and (EU) 2023/2485), high-power charging stations intended for the operation of vehicles with zero tailpipe CO_2 emissions make a substantial contribution to the environmental objective climate change mitigation.

For economic activity 5.4, according to the delegated act (EU) 2023/2486, vehicles purchased from third parties and sold as second-hand goods make a substantial contribution to the environmental objective transition to a circular economy.

Do no significant harm
For the respective economic activities, compliance with the DNSH criteria defined by the Taxonomy Regulation was analysed in relation to the other environmental objectives.

For economic activities 3.3 and 3.18, the fulfilment of these criteria was verified at the level of low-carbon vehicles and corresponding components as well as the relevant production sites and processes.

For economic activity 6.5, the analysis of the criteria was carried out on the basis of low-carbon vehicles in the leasing and financing portfolio. In addition to the Group's own vehicles, the vehicle portfolio also includes vehicles from other manufacturers. The latter are shown as Taxonomy-eligible but not Taxonomy-aligned, since the DNSH criteria could not be fulfilled. This also essentially applies to the remaining commercial vehicle portfolio after the spin-off and hive-down of the Daimler commercial vehicles business reported under economic activity 6.6.

Compliance with DNSH criteria for economic activity 6.15 was verified at the level of the fast-charging stations.

As a result, the DNSH criteria are met for economic activities 3.3, 3.18 and 6.15. For economic activity 6.5, discounts are taken into account in the Taxonomy-alignment of revenue and capital expenditure due to the DNSH requirements of the environmental objective pollution prevention and control for Mercedes-Benz vehicles.

The analysis of the DNSH criteria for the economic activity 5.4 was carried out on the basis of the purchased used vehicles. Since the DNSH criteria could not be fulfilled, the economic activity is reported as Taxonomy-eligible but not Taxonomy-aligned.

The DNSH analysis of the individual environmental objectives for economic activities 3.3, 3.18, 6.5 and 6.15 are explained below.

Climate change adaption
For the economic activities considered, the Appendix A (Annex I) of the delegated act (EU) 2021/2139 requires the carrying out of a climate risk and vulnerability assessment.

A comprehensive analysis of the potential physical climate risks for production sites was carried out, which can be applied to economic activities 3.3, 6.5 and 3.18. Climate scenarios of the Intergovernmental Panel on Climate Change (IPCC) and various time horizons were taken into account. Based on the results, adaptation measures at selected locations were determined (see also the chapter Special considerations for identification of material climate-related impacts, risks and opportunities).

For economic activity 6.15, an analysis of potential climate risks was carried out based on the specific locations and manufacturer information of the charging stations.

Sustainable use and protection of water and marine resources
For economic activities 3.3 and 3.18, the requirements have been implemented mainly on the basis of established environmental management systems and the internal environmental risk assessment (environmental due diligence process). The company has established a certified environmental management system in accordance with ISO 14001 at its own production sites worldwide. In addition, selected German and two other European production sites are validated according to EMAS. As part of the internal environmental risk assessment, consolidated production sites are characterized with regard to water-related aspects such as discharge into water bodies, and recommendations for risk minimization are determined, prioritized and tracked. The Group also uses external data sources to identify locations with potential water risks and water stress (see also the chapter Water and marine resources under Water risk assessment).

In order to analyse the water-related DNSH criteria in relation to the charging infrastructure, the respective sites were checked for economic activity 6.15 and the manufacturer's information on the charging stations was used as a basis.

Transition to a circular economy
Depending on the economic activity, different DNSH requirements are placed on the product, the production or the charging infrastructure for the transition to a circular economy.

In terms of the product, the Mercedes-Benz Group has taken the concept of the circular economy into account in product development from the outset and has set itself the overarching goal of increasing the use of secondary materials in vehicles. In addition, the DNSH criteria for economic activity 6.5 are taken into account by implementing the legal requirements for recyclability and usability for passenger car models and light commercial vehicles. In production, the Mercedes-Benz Group keeps the amount of waste as low as possible in accordance with the waste hierarchy. The aim is to continuously reduce total waste, including waste for disposal. For its own production sites worldwide, the Mercedes-Benz Group has therefore set itself reduction targets for the total amount of waste and the amount of waste for disposal per vehicle, among other things. In addition, the topic of waste management is also a component of the internal environmental risk assessment and environmental management (see the chapter Resource use and circular economy under Resource conservation along the value chain).

For economic activity 6.15, the DNSH criteria regarding the recovery and disposal of construction waste were reviewed. In addition, existing requirements for business partners were taken into account.

Pollution prevention and control
The DNSH criteria for economic activities 3.3 and 3.18 aim, partly through Appendix C (Annex I) of the EU delegated act (EU) 2021/2139, to prevent the manufacture, marketing and use of hazardous substances.

The Mercedes-Benz Group aims to ensure safe and legally compliant handling of hazardous substances along the value chain. This is implemented in production through internal hazardous substances management in the form of specification, approval and control processes, which subject the use of hazardous substances to recurring substitution assessment and, where use is necessary, enable the use of substances under controlled conditions. For the products, substance bans and declaration requirements in accordance with the Global Automotive Declarable Substance List (GADSL) are monitored based on material information from the International Material Data System (IMDS) and formulated as a minimum requirement for suppliers. In addition, the Mercedes-Benz Group sets requirements for substitution assessments for Substances of Very High Concern (SVHC) and encourages suppliers to embed these in their own supply chains. For the DNSH requirements listed under Appendix C, which go beyond the previous requirement of chemical law, these approval and control processes are intended to serve as the basis for evidence.

In the reporting year 2024, the new paragraph under point f) of Appendix C (Annex I) of the delegated act (EU) 2023/2485 is to be applied for the first time, which expands the substances addressed in this appendix. At present, there are interpretation uncertainties regarding the scope of the necessary processes and their corresponding implementation. With regard to this new paragraph and point f), additional internal analyses were carried out to identify the presence of these addressed substances in products and to examine their use considering, among other things, technical requirements and economic aspects.

For economic activity 6.5, the DNSH criteria refer to compliance with various product-related requirements provided for in EU regulations and directives. The DNSH requirements are verified in a multistage test procedure. As a result, a proportion of all-electric vehicles remains in the corresponding leasing and financing portfolio.

With regard to tyre requirements, in accordance with applicable legislation and the notice published by the EU Commission on 20 October 2023 (C/2023/267), only those tyres corresponding to the two highest rolling resistance classes available on the market and at the same time the highest external rolling noise class available on the market fulfil the DNSH requirements for the respective vehicle. The European Product Registry for Energy Labelling (EPREL) shall be used to assess the relevant marketable classes. The time of market placement of the all-electric vehicles in the leasing and financing portfolio and a representative period as well as the comparison of the contract term with the expected useful life of the tyres were used for the analysis of Mercedes-Benz vehicles. Compliance with the noise requirements was also checked according to the DNSH criteria. The proportion of vehicles assessed as complying with the DNSH requirements is applied worldwide to the leasing and financing portfolio of all-electric vehicles in the reporting year insofar as the corresponding data is available.

For economic activity 6.15, the locally applicable requirements corresponding to the DNSH criteria, such as noise and dust, were examined and supported by corresponding specifications for business partners.

Protection and restoration of biodiversity and ecosystems

To demonstrate compliance with the requirements for economic activity 3.3 and 3.18, ecologically sensitive areas and protection zones in the vicinity of sites has been documented and taken into account as part of the internal environmental risk assessment (environmental due diligence process). On the other hand, environmental impact assessments or comparable assessments outside the EU are carried out when building a new site or expanding existing sites, if legally required. Furthermore, environmental management systems have been established at our own production sites (see also the chapter Biodiversity and ecosystems under Promotion of biodiversity at the production sites).

For the charging infrastructure (economic activity 6.15), the locally applicable requirements in the construction and approval process were used as a basis in accordance with the DNSH requirements.

Fulfilment of minimum safeguards

An economic activity can only be classified as environmentally sustainable in the sense of the Taxonomy if it is also carried out in accordance with certain minimum standards that are based on international frameworks. Article 18 of the Taxonomy Regulation cites the OECD Guidelines for Multinational Companies, the United Nations Guiding Principles on Business and Human Rights, including the fundamental principles and rights from the eight core conventions set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the International Charter of Human Rights. The Taxonomy Regulation itself does not further specify the standards.

With its report from October 2022 (Final Report on Minimum Safeguards), the Platform on Sustainable Finance supports companies in interpreting the range and scope of the minimum standards. This report forms the basis for application and reporting at the Mercedes-Benz Group. Central topic areas are human and employee rights (see also the chapters Workforce in the value chain, Affected communities and Own workforce), the prevention of corruption and the promotion of fair competition (see also the chapters Corporate culture specifically Prevention and detection of corruption and bribery and Antitrust Compliance).

The Mercedes-Benz Group sees itself as a responsible company that strives to meet its global tax obligations and to use public funding responsibly. In doing so, the company also wants to fulfil its social and ethical responsibilities.

The Group's tax strategy follows the following principles in particular:

- Through qualified and experienced experts and the most efficient and reliable processes, systems, methods and controls possible, the Mercedes-Benz Group aims to ensure that the tax obligations of the Group companies are fulfilled and integrity standards are maintained.
- In accordance with the principle of being a "good corporate tax citizen" (i.e. as a company, fulfilling its responsibility as a taxpayer), the Mercedes-Benz Group pursues legal, active and non-aggressive tax planning based on operational reasons ("tax follows business"). In addition, the Mercedes-Benz Group strives to make its cooperation with the tax authorities even more cooperative, transparent and constructive. In doing so, it protects its legal positions and represents its interests where it considers this to be appropriate and legitimate.

With the aim of ensuring tax compliance across the Group, the Mercedes-Benz Group established a Tax Compliance Management System (Tax CMS). The Tax CMS is a separate sub-area of the Group's internal Compliance Management System. A component of the Tax CMS is active, consistent tax risk management across the Group. Its task is to monitor and control whether tax obligations are being met and to support those responsible in this. It also serves to identify and reduce tax risks in the Group and any associated personal risks for the employees involved. It includes numerous actions – for example, ongoing monitoring of tax risks and their integration into the internal control system and the Group-wide risk management process in accordance with the risk management policy.

Essentially, proof of compliance is based on the existence of appropriate Group-wide due diligence processes and the absence of final court rulings due to serious violations in the aforementioned areas.

Reporting on the Taxonomy-aligned proportions of environmentally sustainable economic activities

The sections below present information on the proportion of revenue, capital expenditure and operating expenditure accounted for by environmentally sustainable economic activities at the Mercedes-Benz Group.

The individual figures for revenue, capital expenditure and operating expenditure are precisely allocated to a specific economic activity and environmental objective. This avoids double counting.

The calculation of the relevant key figures is based on the Consolidated Financial Statements in accordance with IFRS. The totals (total A + B) in the Revenue and Capital Expenditure tables correspond to the values of the Consolidated Financial Statements audited with reasonable assurance.

Revenue			2024	Criteria for a substantial contribution						DNSH criteria							2023		
Economic activities	Code[1]	Revenue	Proportion of revenue	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) revenue (adjusted)[3]	Category: enabling activity	Category: transitional activity
		in millions of euros	in %	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	17,868	12%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	13%	E	
Manufacture of automotive and mobility components	CCM 3.18	155	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	705	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	1	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Revenue from environmentally sustainable activities (Taxonomy-aligned) (A.1)		**18,729**	**13%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**14%**		
of which enabling activity		18,024	12%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	13%	E	
of which transitional activity		0	0%	0%	0%	0%	0%	0%	0%								0%		T
A.2 Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned activities)																			
				EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]										
Manufacture of low-carbon technologies for transport	CCM 3.3	95,906	66%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								66%		
Manufacture of automotive and mobility components	CCM 3.18	7,233	5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	20,304	14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								14%		
Freight transport services by road	CCM 6.6	1,179	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Sale of second-hand goods	CE 5.4	477	0%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0%		
Revenue from Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned) (A.2)		**125,099**	**86%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**85%**		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**143,828**	**99%**	**100%**	**0%**	**0%**	**0 %**	**0%**	**0%**								**99%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Revenue of Taxonomy non-eligible activities		**1,766**	**1%**														**1%**		
Total A + B		**145,594**	**100%**														**100%**		

1 The Code constitutes the abbreviation of the relevant environmental objective to which the economic activity is eligible to make a substantial contribution. Climate change mitigation: CCM, circular economy: CE.

2 Description: Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective, N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective, N/EL – Not eligible, Taxonomy non-eligible activity for the relevant environmental objective, EL – Eligible, Taxonomy-eligible activity for the relevant objective.

3 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.

The following table shows the scope of the Taxonomy-eligibility and the Taxonomy-alignment for the revenue by environmental objective:

Revenue proportion/total revenue [1]

	Taxonomy-alignment per objective	Taxonomy-eligibility per objective
Climate change mitigation (CCM)	13%	86%
Climate change adaption (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Circular economy (CE)	0%	0%
Pollution prevention and control (PPC)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

1 The Code constitutes the abbreviation of the relevant environmental objective to which the economic activity is eligible to make a substantial contribution. Climate change adaption: CCA, water and marine resources: WTR, pollution prevention and control: PPC, biodiversity and ecosystems: BIO.

Taxonomy-eligibility of revenue

For the share of Taxonomy-eligible revenue (under A. in the table Revenue), the Taxonomy-eligible revenue is considered in relation to the total revenue of the Group. In this process, the denominator takes into account the consolidated revenue generated by Group companies that are to be included in the calculations. The revenue, as disclosed in the consolidated statement of income, amounted to €145,594 million in the reporting year (2023: €152,390 million) (see Note 5 in the Notes to the Consolidated Financial Statements).

The numerator was calculated by examining this revenue to determine how much of it was generated in connection with the manufacturing, the leasing or the financing of vehicles; the manufacturing of components, the operation of high-power charging stations; or the sale of second hand-goods which were purchased from third parties by the Mercedes-Benz Group. This applies to almost all of the revenue generated by the Mercedes-Benz Group. In the previous year, sale of components to the associated company Beijing Benz Automotive Co., Ltd. (BBAC) and to the joint venture Fujian Benz Automotive Co., Ltd. (FBAC) was reported under economic activity 3.3 as Taxonomy-eligible and partially as Taxonomy-aligned and sale of components to third parties was reported as Taxonomy non-eligible. For a more appropriate allocation, these revenues have been reported separately under economic activity 3.18 since the reporting year. The previous year's figures have been adjusted accordingly.

Taxonomy-alignment of revenue

In order to calculate the Taxonomy-aligned proportion of economic activities 3.3 and 6.5 (under A.1 in the table Revenue), revenue was examined to determine whether it was generated with low-carbon vehicles in order to assess whether a substantial contribution had been made to climate change mitigation. Compliance with the DNSH and minimum safeguards criteria was also monitored.

For the major proportion of the revenue, in particular from the new and used vehicle business and leasing and sales financing activities, a direct attribution was made of the revenue accounted for by low-carbon vehicles. With regard to other revenue components, especially revenue from the spare parts business and service and maintenance contracts, or attribution of discounts granted for large procurement volumes, it is not possible to directly assign revenue to low-carbon vehicles. In these cases, suitable allocations were therefore used for the various revenue components. These classifications are based on current revenues and current or historical vehicle sales data for the fleet that is currently on the market. In the reporting year, the share of Taxonomy-aligned revenue decreased from 14% to 13%. The main reason for this is the decrease in unit sales of all-electric vehicles in important markets. Unit sales in plug-in hybrids, on the other hand, increased worldwide in 2024.

The revenues shown below are included as an aggregation across the various economic activities.

Breakdown of revenue

	2024			2023 (adjusted)		
	Taxonomy-aligned revenue	Total revenue	Proportion of Taxonomy-aligned revenue	Taxonomy-aligned revenue	Total revenue[1]	Proportion of Taxonomy-aligned revenue
	in millions of euros	in millions of euros	in %	in millions of euros	in millions of euros	in %
Revenue according IFRS 15	17,740	128,477	14%	20,223	136,159	15%
Other revenue	989	17,117	6%	800	16,231	5%
Total	18,729	145,594	13%	21,023	152,390	14%

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.

Capital expenditure			2024	Criteria for a substantial contribution						DNSH criteria							2023		
Economic activities	Code[1]	Capital expenditure	Proportion of capital expenditure	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) capital expenditure	Category: enabling activity	Category: transitional activity
		in millions of euros	in %	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	5,769	24%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	21%	E	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1,287	5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	60	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Capital expenditure from environmentally sustainable activities (Taxonomy-aligned) (A.1)		**7,116**	**30%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**24%**		
of which enabling activity		5,829	25%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	22%	E	
of which transitional activity		0	0%	0%	0%	0%	0%	0%	0%								0%		T
A.2 Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned activities)																			
				EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]										
Manufacture of low-carbon technologies for transport	CCM 3.3	3,292	14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								19%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	13,212	56%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								57%		
Capital expenditure from Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned) (A.2)		**16,504**	**70%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**76%**		
A. Capital expenditure of Taxonomy-eligible activities (A.1 + A.2)		**23,620**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**100%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Capital expenditure of Taxonomy non-eligible activities		**0**	**0%**														**0%**		
Total A + B		**23,620**	**100%**														**100%**		

1 The Code constitutes the abbreviation of the relevant environmental objective to which the economic activity is eligible to make a substantial contribution. Climate change mitigation: CCM.
2 Description: Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective, N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective, N/EL – Not eligible, Taxonomy non-eligible activity for the relevant environmental objective, EL – Eligible, Taxonomy-eligible activity for the relevant objective.

The following table shows the scope of the Taxonomy-eligibility and the Taxonomy-alignment for the capital expenditure by environmental objective:

Proportion of capital expenditure/total capital expenditure[1]

	Taxonomy-alignment per objective	Taxonomy-eligibility per objective
Climate change mitigation (CCM)	30%	70%
Climate change adaption (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Circular economy (CE)	0%	0%
Pollution prevention and control (PPC)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

1 The Code constitutes the abbreviation of the relevant environmental objective to which the economic activity is eligible to make a substantial contribution. Climate change adaption: CCA, water and marine resources: WTR, pollution prevention and control: PPC, biodiversity and ecosystems: BIO.

Taxonomy-eligibility of capital expenditure

For the proportion of Taxonomy-eligible capital expenditure (under A. in the table Capital expenditure), the Taxonomy-eligible capital expenditure is considered in relation to the total relevant capital expenditure of the Group.

All additions to intangible assets, property, plant and equipment and right-of-use assets as defined in IFRS 16 in accordance with the statements of changes in non-current assets as well as additions to equipment on operating leases, including the additions to the named assets as part of company acquisitions are taken into account in the denominator. Equipment on operating leases only takes into account vehicles acquired by dealers from outside the Group. Goodwill acquired is not taken into account here. If a divestment is planned, capital expenditure on non-current assets is only taken into account until the point in time at which it was first classified as held for sale in accordance with IFRS 5. The relevant additions to the assets to be taken into account amounted to €23,620 million in the reporting year (2023: €21,471 million) (see Notes 11, 12 and 13 in the Notes to the Consolidated Financial Statements).

According to the Commission Notice (2022/C 385/01) that the European Commission published on 6 October 2022, the definition of an economic activity is characterized by the achievement of revenues by products. In line with the Mercedes-Benz Group's business model, the numerator was therefore determined by examining whether capital expenditure is made in connection with the manufacturing of vehicles or components, the establishment of the charging infrastructure or the implementation of trans- port solutions for people and goods. This applies to nearly all of our investments, which are exclusively reported under the environmental objective climate change mitigation.

Taxonomy-alignment of capital expenditure

To calculate the Taxonomy-aligned proportion of economic activities (under A.1 in the table Capital expenditure), capital expenditure was examined to determine the extent to which it was associated with low-carbon vehicles (economic activities 3.3 and 6.5) and with high-power charging stations (economic activity 6.15) in order to assess whether a substantial contribution had been made to climate change mitigation. The table Capital expenditure shows the Taxonomy-aligned capital expenditure, aggregated across all economic activities. Compliance with the DNSH and minimum safeguards criteria was also monitored.

When looking at the Taxonomy-aligned investments in intangible assets (mainly in capitalized development costs) and property, plant and equipment of the Mercedes-Benz Group, the proportions of Taxonomy-aligned capital expenditure are 69% and 64% (2023: 61% and 48%) respectively. However, the proportion of Taxonomy-aligned capital expenditures is reduced due to the inclusion of additions to equipment on operating leases. As a result, this share only partially reflects our investments in sustainable products. (See the table Breakdown of capital expenditure).

All of the capital expenditure of the Mercedes-Benz Group during the reporting year included in the numerator relates to assets or processes in the context of already existing technologies which are connected to already existing Taxonomy-aligned economic activities 3.3, 6.5 and 6.15. From this reporting year onwards, economic activity 6.15, for which a CapEx plan was reported in the previous year, also falls under this category, as it also generates revenues. For most of the capital expenditure relating to the industrial business, a direct attribution was made to all-electric vehicle projects. In the case of capital expenditure in low-carbon plug-in hybrids and assets that are used to produce both vehicles with combustion engines and low-carbon

vehicles, suitable allocations based on planned vehicle sales figures for the respective model series or vehicle platforms were used. Capital expenditure that is not directly related to the manufacturing process was allocated on the basis of the planned unit sales figures for low-carbon vehicles. With regard to financial services, it is possible to match the additions to equipment on operating leases directly to low-carbon vehicles. The percentage of Taxonomy-aligned capital expenditure significantly increased compared to prior year from 24% to 30%. The increase is primarily due to higher capitalized development costs in connection with the new architectures geared towards electromobility.

Breakdown of capital expenditure

	2024			2023		
	Taxonomy-aligned capital expenditure	Total capital expenditure	Proportion of Taxonomy-aligned capital expenditure	Taxonomy-aligned capital expenditure	Total capital expenditure	Proportion of Taxonomy-aligned capital expenditure
	in millions of euros	in millions of euros	in %	in millions of euros	in millions of euros	in %
Intangible assets	3,170	4,626	69%	2,764	4,513	61%
thereof capitalized development costs	3,084	4,137	75%	2,653	3,812	70%
Property, plant and equipment	2,570	4,039	64%	1,768	3,718	48%
Right-of-use assets	105	456	23%	130	469	28%
Equipment on operating leases	1,271	14,499	9%	558	12,771	4%
Total	7,116	23,620	30%	5,220	21,471	24%

Operating expenditure			2024	Criteria for a substantial contribution						DNSH criteria							2023		
Economic activities	Code[1]	Operating expenditure	Proportion of operating expenditure	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) operating expenditure	Category: enabling activity	Category: transitional activity
		in millions of euros	in %	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	2,365	36%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	32%	E	
Operating expenditure from environmentally sustainable activities (Taxonomy-aligned) (A.1)		**2,365**	**36%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**32%**		
of which enabling activity		2,365	36%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	32%	E	
of which transitional activity		0	0%	0%	0%	0%	0%	0%	0%								0%		T
A.2 Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned activities)																			
				EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]										
Manufacture of low-carbon technologies for transport	CCM 3.3	4,263	64%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								68%		
Operating expenditure from Taxonomy-eligible activities that are not environmentally sustainable (not Taxonomy-aligned) (A.2)		**4,263**	**64%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**68%**		
A. Operating expenditure of Taxonomy-eligible activities (A.1 + A.2)		**6,628**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**100%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Operating expenditure of Taxonomy non-eligible activities		**0**	**0%**														**0%**		
Total A + B		**6,628**	**100%**														**100%**		

1 The Code constitutes the abbreviation of the relevant environmental objective to which the economic activity is eligible to make a substantial contribution. Climate change mitigation: CCM.
2 Description: Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective, N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective, N/EL – Not eligible, Taxonomy non-eligible activity for the relevant environmental objective, EL – Eligible, Taxonomy-eligible activity for the relevant objective.

The following table shows the scope of the Taxonomy-eligibility and the Taxonomy-alignment for the operating expenditure by environmental objective:

Proportion of operating expenditure/total operating expenditure[1]

	Taxonomy-alignment per objective	Taxonomy-eligibility per objective
Climate change mitigation (CCM)	36%	64%
Climate change adaption (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Circular economy (CE)	0%	0%
Pollution prevention and control (PPC)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

1 The Code constitutes the abbreviation of the relevant environmental objective to which the economic activity is eligible to make a substantial contribution. Climate change adaption: CCA, water and marine resources: WTR, pollution prevention and control: PPC, biodiversity and ecosystems: BIO.

Taxonomy-eligibility of operating expenditure
For the share of Taxonomy-eligible operating expenditure (see under A. in the table of Operating expenditure), the Taxonomy-eligible operating expenditure is compared to the relevant operating expenditure of the Group.

The operating expenditure to be taken into account in the denominator represents a metric determined exclusively in the context of taxonomy reporting, as it is a component of the individual functional costs. Operating expenditure includes research and non-capitalized development costs and other operating expenditure. These items include costs from short-term leasing contracts and expenditures from building renovation measures as well as certain maintenance and repair measures (essentially labour and material costs as well as purchased services) relating to property, plant and equipment according to the delegated act (EU) 2021/2178.

In line with the approach used for investments, when determining the numerator, the relevant operating expenditure was also examined here to establish whether it was related to the manufacture of vehicles. This applies to the operating expenditure described.

Taxonomy-alignment of operating expenditure
In order to calculate the Taxonomy-aligned proportion of economic activities (under A.1 in the table Operating expenditure), operating expenditure was examined to determine the extent to which it was associated with low-carbon vehicles to assess whether a substantial contribution had been made to climate change mitigation. Compliance with the DNSH and minimum safeguards criteria was also monitored.

The operating expenditure shown below is included as an aggregation across the various economic activities:

Breakdown of operating expenditure

	2024			2023		
	Taxonomy-aligned operating expenditure	Total operating expenditure	Proportion of Taxonomy-aligned operating expenditure	Taxonomy-aligned operating expenditure	Total operating expenditure	Proportion of Taxonomy-aligned operating expenditure
	in millions of euros	in millions of euros	in %	in millions of euros	in millions of euros	in %
Research and non-capitalized development costs	2,154	5,580	39%	2,089	6,230	34%
Other operating expenditure	211	1,048	20%	247	1,076	23%
Total	2,365	6,628	36%	2,336	7,306	32%

The research and non-capitalized development costs can mostly be directly incorporated into the calculation of the numerator on the basis of their allocation to all-electric vehicle projects. For research and non-capitalized development costs that cannot be directly allocated (model series or vehicle architectures that include both plug-in hybrids and pure combustion vehicles), suitable allocations were made based on expected future unit sales figures for the low-carbon portion of the model series or vehicle architecture. For the other components of the relevant operating expenditure, no direct allocation to low-carbon vehicles could be made either. The inclusion in the numerator was based on suitable allocations of current production volumes. The share of Taxonomy-aligned operating expenditure increased from 32% to 36%. The reason for the rise is essentially the increase in the research and non-capitalized development costs attributable to the low-carbon vehicles and a simultaneous decrease in total research and non-capitalized development costs.

Social information

Own Workforce

Material impacts, risks and opportunities and their interaction with strategy and business model

The Mercedes-Benz Group has identified its material impacts, risks and opportunities related to its own workforce in accordance with the requirements of ESRS. These are described in the chapter General information under Identification of material impacts, risks and opportunities and presented in the table below.

In times of transformation, it is not just the right business models, products, technologies and digital solutions that are necessary. Equally important is a workforce that embraces change, constantly expands its skills and brings these into daily work with a willingness to innovate and perform.

With electrification, digitalization and the increasing use of powerful artificial intelligence (AI) systems, the working world of employees at the Mercedes-Benz Group is also changing. Work processes and structures are changing just as fundamentally as tasks and collaboration within the Group. The Mercedes-Benz Group is meeting the challenges and requirements of personnel transformation with a corresponding sustainable personnel strategy – the Sustainable People Plan.

With this sustainable HR strategy, the Mercedes-Benz Group strives to shape the ongoing changes as part of the transformation in a responsible, socially acceptable and future-oriented manner. As an attractive employer, the Group focuses on continuous professional and personal development, flexible and modern working conditions, and a trusting, diverse, and inclusive culture of collaboration. A safe and healthy working environment through holistic occupational health and safety management for all employees forms the foundation. The Mercedes-Benz Group also promotes diversity and inclusion among its employees and is committed to respect, openness, appreciation and fairness.

The Mercedes-Benz Group takes responsibility for its workforce and is committed to respecting human rights. This is underpinned by the focus areas of People and Human Rights in the sustainable business strategy. Detailed information on this can be found in the chapter General information under Strategy, business model and value chain.

Information on the analysis of the resilience of the Group's strategic sustainability focus areas with regard to material impacts, risks and opportunities can be found in the chapter General information under Material impacts, risks and opportunities.

Own workforce – material impacts, risks and opportunities	Direction of action	Time horizon	Localization	Value chain position
Working conditions				
Impacts				
Qualification and further development of employees due to transformation	positive	short-, medium- & long-term	regional	OA
Remuneration of workforce	positive	short-, medium- & long-term	regional	OA
Attractive working conditions for employees (work-life balance)	positive	short-, medium- & long-term	local	OA
Changes in workplace profiles and work processes due to transformation	negative	short-, medium- & long-term	local	OA
Impairment of health and safety	negative	short-, medium- & long-term	local	OA
Risks				
Changes in workplace profiles and work processes due to transformation		short-, medium- & long-term	local	OA
Work-related accidents and injuries of employees		short-, medium- & long-term	local	OA
Impact of skills shortage due to demographic trends and qualification requirements		short-, medium- & long-term	regional	OA
Financial risk associated with collective bargaining, strikes and formation of trade unions or employee representative bodies		short-, medium- & long-term	regional	OA
Equal treatment and equal opportunities for all				
Impacts				
Impairment of equal opportunities for employees	negative	short-, medium- & long-term	local	OA
Promoting diversity and equal opportunities	positive	short-, medium- & long-term	regional	OA
Other work-related rights				
Impacts				
Potential child labour in the event of ineffective implementation of compliance processes	negative	short-, medium- & long-term	local	OA
Potential forced labour in the event of ineffective implementation of compliance processes	negative	short-, medium- & long-term	local	OA

VU = Value chain upstream OA = Own business activity VD = Value chain downstream

= actual = potential = ESRS compliant target filed

Personnel strategy

The HR department of the Mercedes-Benz Group acts as a business partner for the Group's own business units and is represented on the Board of Management of Mercedes-Benz Group AG as the independent division Human Relations (HR). Within this division there is a decision-making and committee structure at different management levels. The highest decision-making body for coordination and control is the HR Executive Committee. Among other things, the HR strategy is approved there. This committee also forms the highest level of responsibility for the policies described in this chapter.

Just as the world is constantly changing due to technological, social, ecological and political developments, the Mercedes-Benz Group is also continuously transforming. This transformation requires change in all areas. The HR department keeps an eye on trends and developments that are important from a strategic perspective, such as electrification, sustainability, digitalization and artificial intelligence, and promotes the necessary qualifications and appropriate deployment of employees worldwide.

With the sustainable HR strategy, which was developed in 2021, the HR department is actively shaping the Group's personnel change and empowering and supporting the organization as a whole through the transformation. The HR strategy consists of three pillars: "Re-Shape", "Re-Skill", "Re-Charge".

- With "Re-Shape", the Group is shaping the future-oriented personnel positioning with regard to electromobility and digitalization.
- "Re-skill" is intended to ensure that employees are equipped with the necessary know-how for future activities and tasks.
- With "Re-Charge", the Mercedes-Benz Group aims to retain skilled workers in the Group and to recruit new talents as an attractive employer by offering modern and flexible working conditions and an inclusive and trusting corporate culture.

The People Principles complement the HR strategy by formulating the principles of the corporate culture of the Mercedes-Benz Group. For example, the Group defines how communication, management and collaboration should take place. They can be found in the chapter Governance information under Corporate culture.

Principles of Social Responsibility and Human Rights

With its Principles of Social Responsibility and Human Rights, the Mercedes-Benz Group is committed to preventing potentially negative impacts on human rights worldwide, including within its own business unit and with regard to its own workforce.

The Principles of Social Responsibility and Human Rights describe the rights and obligations of employees as well as the general commitment of the Mercedes-Benz Group to uphold and respect human rights. This includes the prohibition of child and forced labour, freedom of association, the right to collective bargaining and the right to strike, equal opportunities and protection against discrimination, the right to health and safety at work, working hours, remuneration and benefits, education and qualification. The Principles of Social Responsibility and Human Rights are described in more detail in the chapter Workers in the value chain under Policies.

Targets

As a responsible employer, the Mercedes-Benz Group sets itself targets to actively promote the interests of its workforce. These targets were developed, for example, on the basis of the strategic direction, feedback from stakeholders, competitive analyses, employee surveys, and demands from employee representatives, and were discussed in appropriate committees.

The Mercedes-Benz Group has set itself quantitative targets where concrete and verifiable metrics can be determined. The targets are reviewed at regular intervals and adjusted as necessary.

The effectiveness of policies and actions is monitored by the Mercedes-Benz Group using qualitative indicators or cross-topic metrics that are collected at

Group level, primarily through the Group-wide employee survey. These include:

- The ambition of an employee participation rate of at least 70% in employee surveys by 2030. The rate is based on industry benchmarks of comparable companies and was achieved in the last employee survey in 2023.

Employee participation in the employee survey is an important indicator. First and foremost, it provides information about how willing employees are to share their feedback and the extent to which they are interested in helping to shape the work culture in the Group.

- The measurement of employer attractiveness in Germany with regard to students in IT and engineering:
  - IT students: a placement among the top 5 by 2030 (top 5 in the target ranking) with the milestone of the top 7 by 2025 (Trendence study).
  - Engineering: a placement in the top 5 by 2025.

The rankings were defined according to the values of the last years and the developments with regard to sought-after job profiles.

Characteristics of the Mercedes-Benz Group's Employees

The metrics reported in the chapter Own Workforce take into account:

- active workforce including holiday workers, excluding thesis writers, interns, working students, PhD students, senior experts and trainees,

- retroactively from 1 January 2024, seven companies that were consolidated in 2024. This leads to an increase in the number of employees compared to 2023.

Deviating or specific reporting are explained in the footnotes of individual tables.

Number of employees (headcount) by region

	At 31 December 2024
Europe	137,610
North America	13,321
Asia	18,740
Other markets	5,593
Total number of employees*	175,264

* Data has been audited with reasonable assurance.

Number of employees (headcount) by gender

	At 31 December 2024
Female	41,605
Male	133,659
Others[1]	-
Not reported[1]	-
Total number of employees*	175,264

* Data has been audited with reasonable assurance.
1 In the current Sustainability Statement, the gender identity of employees is shown in the categories female and male due to the current data collection systems. Mercedes-Benz Group AG is working on expanding its systems in order to take additional gender identities into account in the reports in the future. In principle, the HR department is available to all employees for individual concerns and questions.

Number of Employees (headcount) by country[1]

	At 31 December 2024
Germany	114,741

1 For countries in which the Mercedes-Benz Group has 50 or more employees, representing at least 10% of the total number of employees.

Number of employees (headcount) by type of contract	
	At 31 December 2024
Number of employees*,[1]	**175,264**
Female	41,605
Male	133,659
Number of fulltime employees	**163,132**
Female	33,538
Male	129,594
Number of parttime employees	**12,132**
Female	8,067
Male	4,065
Number of permanent employees[2]	**169,476**
Female	40,045
Male	129,431
Number of temporary employees	**5,788**
Female	1,560
Male	4,228
Number of non-guaranteed hours employees[3,4]	**600**
Female	196
Male	404

* Data has been audited with reasonable assurance.
1 Active workforce on an annual average basis based on quarters: 179,291. Further information is available in the Notes to the Consolidated Financial Statements in the note Functional costs.
2 Permanent employees are part of the active workforce with a permanent contract and correspond to the core workforce.
3 Non-guaranteed hours employees on an annual average basis based on quarters: 580.
4 Non-guaranteed hours employees are part of temporary employees who were flexibly deployed at the Mercedes-Benz AG and Mercedes-Benz Ludwigsfelde GmbH locations in the course of 2024. The work contracts are made after mutual agreement and in the interest of both parties.

Turnover[1]	
	2024
Employees who have left the Group (absolute)	22,601
Turnover (in %)	12.9

1 Active workforce who have left the Mercedes-Benz Group voluntarily or due to dismissal, retirement or death.

The core workforce (employees with a permanent contract) is used as a parameter for calculating company-specific turnover. In contrast to the active workforce (methodological specification of the ESRS), temporary employees and holiday workers are not taken into account due to their time-limited activities.

Turnover – company-specific[1]	
	2024
Employees who have left the Group (absolute)	11,006
Turnover (in %)	6.5

1 Permanent employees (core workforce with permanent contracts) who have left the Mercedes-Benz Group voluntarily or due to dismissal, retirement or death.

Working conditions

Responsible transformation

Policies

With the pillar “Re-Shape” in its sustainable HR strategy, the Mercedes-Benz Group is taking responsibility for its employees. The locations and thus also the various employee groups worldwide are affected to varying degrees by the digitalization and electrification of the automotive industry depending on their product portfolio and size.

The Group is reviewing the effectiveness of policies and actions for responsible, socially acceptable and future-oriented shaping of the transformation, among other things, through employee surveys and various feedback channels to involve employees.

Actions

The transformation process requires appropriate plans and implementation actions geared to them. To this end, different locations – especially the powertrain and manufacturing plants, but also the sales department – have developed plans for their future orientation. Based on these plans, the locations identify key topics with corresponding actions. These include, in particular, qualification and retraining offers for employees. The Group also enables employees to move between different locations in order to carry out new activities or to continue to carry out activities that correspond to their qualification level.

Another action is the “TransformatiON” initiative, launched in 2022. This aims to address specific challenges of change in the powertrain production environment, promote exchange with employees through new communication channels, develop new solutions and support managers in their special role with suitable formats.

A works agreement concluded in 2017 defines processes for employees of Mercedes-Benz Group AG, Mercedes-Benz AG and Mercedes-Benz Intellectual Property GmbH & Co. KG to overcome the challenges of the transformation. This agreement includes job security until the end of 2029, which generally excludes terminations for operational reasons until 31 December 2029.

Information on the extension of job security guarantee until 2035 and actions to reduce personnel costs in Germany that were agreed after the end of the reporting period can be found in the chapter Corporate Profile under Important events.

Training and further qualification

Policies

With the pillar “Re-Skill”, the Mercedes-Benz Group is focusing on training and further qualification as part of its sustainable HR strategy. The Group continually invests in the training and further qualification of its employees and is constantly adapting its qualification and personnel development programmes in order to take account of corporate strategic and thematic developments. In doing so, it also takes into account demographic change in the skilled labour market. Various company and collective bargaining regulations form the basis for the training and qualification processes at the Mercedes-Benz Group. Professional and personal qualifications at Mercedes-Benz Group AG, Mercedes-Benz AG and their subsidiaries in Germany are regulated by the Voluntary General Works Agreement on Qualification for Employees and the General Works Agreement on the use of External eLearning Platforms for Qualification Measures, among other things. They serve to standardize the qualification process and make it more efficient and to integrate external offers into the learning portfolio.

The effectiveness of qualification policies and actions is regularly reviewed, among others on the basis of feedback on completed qualifications, in exchange with the respective departments and as part of the annual qualification and development talks between managers and employees.

Targets

The Group pursues the following target in the subject area of training and further qualification:

- Enable more than 70% of employees to work successfully in the digital transformation by 2030. The basis for this is the employee survey[1].

Actions

Due to the switch to electromobility, digitalization and the increasing use of artificial intelligence, the job profiles, requirements and work processes at the Mercedes-Benz Group are changing. With the Turn2Learn qualification initiative, the Group offers all employees a comprehensive range of options to learn self-determined and flexibly for their current job or future workplace.

Employees have access to a wide range of learning opportunities, including targeted qualifications, a wide range of learning platforms, complete learning paths, compact learning units and academic degrees alongside work. Depending on the topic and goal, the qualification actions take place digitally or in person. The educational offering is continuously updated and supplemented.

1 The status is measured by the evaluation of the following statement in the employee survey: “My direct work environment supports me in exercising my skills for digital transformation.” Status in the reporting year: according to plan.

In 2024, the qualification offering continued to focus on a portfolio that supports managers and employees in successfully implementing the business strategy and digitalization in the Group. These primarily included qualifications in generative artificial intelligence, IT and digitalization, and electromobility. Tens of thousands of employees from all areas of the Group worldwide took part in a challenge and a learning journey on the topic of artificial intelligence over the course of the year, for example. In addition, Mercedes-Benz Group AG offers training for Mercedes-Benz Direct Chat, an internal application based on generative artificial intelligence that can be used by employees since the end of 2023, for example when creating and summarizing texts or answering questions.

Worldwide, employees from administration and production are training to become data and AI specialists – for example, through the in-house programmes Data Worker and D.SHIFT explained below.

With the learning paths for data and AI specialists (Data Workers), Mercedes-Benz Group AG offers four tailored qualifications: Data Product Owner, Data Analyst, Data Engineer or Data Scientist. This offering allows employees worldwide to build and enhance their data and AI skills or qualify for a completely new job profile – with certificates recognized in the job market.

Since 2021, Mercedes-Benz AG has been promoting digital transformation in production in Germany with the programme D.SHIFT, which is designed to be completed alongside work. Specifically for digitally savvy employees, D.SHIFT focuses on digital competencies and aims at transitioning to future-oriented job profiles. Participants are intensively supported during the reskilling programme and the selection process for the target positions to facilitate the transition into the digital future. Since the programme's inception, the available slots have been continuously expanded over the years. The programme was also continued in 2024 to offer even more employees the opportunity to align themselves with future-proof job profiles. The unique combination of production experience and digital competencies provides significant value to the Group and enables employees to develop innovative and data-based solutions in production.

In the Sales division of the Mercedes-Benz Group, the Mercedes-Benz Global Training business unit is the central pillar for the qualification and further development of retail employees. The focus is on basic qualification and further qualification of strategic job profiles in sales, service and management. The further qualification covers not only new products and technologies, but also soft skills, such as communication training or sales arguments. There is also new content on electrics/electronics (E/E) and high voltage, which is specifically aimed at employees in the repair and service areas.

The Mercedes-Benz Group is continuously developing its qualification policies and actions. In the exchange between the HR department and the respective departments, qualification goals are developed and appropriate and concrete training sessions as well as learning paths are compiled.

Both vocational training and dual study programmes are very important to the Group when it comes to recruiting young talent. After all, today's trainees and students are tomorrow's skilled workers. Since sustainability is an integral part of the business strategy, the new Sustainable Management degree programme was introduced in Germany in 2024, with the first dual-study students starting in October 2024.

Remuneration and benefits

Policies

The Mercedes-Benz Group remunerates work performed in all companies worldwide according to the same principles. The global Corporate Compensation Policy, which applies to all employee groups, sets out the framework conditions and minimum requirements for the design of the remuneration systems. Here, for example, it is regulated that the level of remuneration is based on the assigned requirements of the work task, taking into account, among other things, knowledge and skills, responsibility and scope for decision-making as well as the performance of the person. The Group also takes into account the conditions of the local markets and benchmark data. Personal characteristics of the employees are not taken into account.

The Mercedes-Benz Group reviews the effectiveness of policies and actions through regular evaluations, benchmark analyses and annual income reviews.

Actions

The Mercedes-Benz Group attaches great importance to attractive and transparent compensation systems that strive for uniform framework conditions worldwide while also taking local conditions into account. The aim is to ensure that employees receive remuneration and additional benefits that are in line with market and industry standards, using benchmark data as a basis.

The Mercedes-Benz Group offers voluntary benefits such as company pension plans and profit-sharing schemes. Additional benefits such as preventive care, insurances, perks, health management and job tickets may vary depending on the company and local specifications.

The German Transparency in Wage Structures Act aims to make any existing pay gap between women and men transparent. The Group supports this law through the action of a wage transparency dashboard, which has enabled employees in Germany to view their comparative pay in their job group since 2019.

Salary differences are generally possible and can be explained on the basis of objective criteria. For example, professional experience and the length of time spent in a pay group or level influence the amount of individual remuneration.

Metrics

Gender pay gap and total renumeration

	2024
Gap in pay between female and male employees (in %)	4.8
Ratio between the highest paid individual and the median annual total remuneration for all employees	175

The pay gap between female and male employees is calculated as the unadjusted gender pay gap, i.e. the difference between the average earnings of female and male employees, expressed as a percentage of the average earnings of male employees.

In addition to the monthly salary, the average gross hourly earnings include all other monetary benefits such as cash allowances, bonus payments, commissions, cash profit sharing and other forms of variable cash payments. Also included are benefits in kind such as: company cars, occupational pension plans, accident insurance.

The comparison of remuneration of male and female employees is based on a Group-wide comparison of the average gross earnings of the two employment groups. Differentiations according to regions, countries and comparability of work were not made.

To calculate the ratio of the annual total remuneration of the highest-paid individual to the median of the annual total remuneration of all employees (excluding the highest-paid individual), the annual total remuneration takes into account not only the monthly salary but also all other monetary benefits such as cash allowances, bonus payments, commissions, cash profit sharing and other forms of variable cash payments. Also included are benefits in kind such as company cars, occupational pension plans, accident insurance.

Adequate wages
The Mercedes-Benz Group pays all its employees worldwide adequate wages in accordance with applicable reference values.

Adequate wages indicate whether the basic wage of employees corresponds to adequate wage in comparison with officially valid benchmarks (such as national minimum wages and other comparable international reference values). If the basic wage of an employee is lower than the benchmark value, it shows the countries and the percentage of employees that are affected.

The basic salery consists of the basic wage (excluding variable remuneration components such as overtime, incentive payments and allowances unless they are guaranteed) and all fixed guaranteed additional payments.

Compatibility of work and private life

Policies
Flexible working conditions that support the compatibility of work and private life in every phase of life have a positive effect on employee commitment and increase, among other things, their satisfaction. To this end, the Mercedes-Benz Group has implemented various Group and General Works Agreements. Examples include: mobile working in Germany and abroad, flexitime, part-time work, job sharing, childcare, family time, home nursing and sabbaticals. Mercedes-Benz Group AG is reviewing the effectiveness of policies and actions, among other things, on the basis of the employee survey and the above-mentioned Trendence study on employer attractiveness.

Actions
At the Mercedes-Benz Group, the aim is to ensure, within the framework of the respective local legal requirements, that healthy and safe working conditions prevail, work breaks are observed, working times are appropriately limited and paid holiday is granted. Based on the respective local law, such as the German Working Hours Act and the EU Working Time Directive, daily and weekly maximum working hours, rest periods and special regulations for night and shift work must be observed. The General Works Agreement Working Order obliges the employees of Mercedes-Benz Group AG, Mercedes-Benz AG and Mercedes-Benz Intellectual Property GmbH & Co. KG to record their time using the time recording systems provided by the employer. Excluded from this are employees with trust-based working hours, E4 executives and senior managers. In the event of working time exceedances, the time recording system automatically informs the responsible manager. All other subsidiaries monitor compliance with local working time laws independently.

The Mercedes-Benz Group is also taking a number of actions to promote flexible working conditions for employees and thus improve the balance between work and private life. To this end, the Group is continuously developing its working (time) models and is also focusing on hybrid forms of work. Mobile work from abroad is possible at times. The office remains the place of personal collaboration, especially when it comes to creativity, innovation and quick decisions.

Through offers such as part-time work, job sharing or time off for a sabbatical, studies, training, further education or caring for relatives, the Group ensures that working hours can be adjusted to meet individual needs.

In addition to flexible and hybrid working models, one of the most important actions for reconciling work and private life is company childcare. Employees in Germany have access to childcare places in eleven company day-care centres. There are also additional places in external facilities available at various locations in Germany.

Occupational health and safety

Policies

The Mercedes-Benz Group attaches great importance to occupational health and the prevention of accidents at work. Internal programmes, policies and specifications serve as overarching, internationally valid company regulations. They are guided by international standards and national laws and emphasize the obligation of managers to act responsibly. At the same time, however, they also underscore the personal responsibility of employees.

The international Group policy on occupational health and safety describes binding tasks, duties, necessary committees and communication guidelines for all controlled companies and is based on the contents of the ISO 45001 standard. The policy applies to all employees and temporary workers whose work and/or workplace is controlled by the organisation.

The Mercedes-Benz Group offers occupational health promotion and social counselling services throughout Germany. In addition, there are works agreements on mental health and preventive examinations.

Mercedes-Benz Group AG reviews the effectiveness of policies and actions based on the determined key figures for occupational health and safety.

Targets

The Mercedes-Benz Group AG has set itself the following target:

- The certification of the OH&S management system (occupational health and safety) according to ISO 45001 at all (100%) German production sites and logistics centres by 2027[1].

Actions

In order to minimise health risks and prevent occupational accidents and injuries to employees, the Group has implemented comprehensive actions in the area of occupational health and safety. The initiatives cover a wide range of actions, from targeted risk management to individual health promotion.

Among other things, the Group carries out regular site evaluations at all production sites. These cover the topics of safety and accident management, fire and explosion hazards, and the use of potentially dangerous machines and environmental conditions. The Group uses the Safety Due Diligence method to identify potential hazards at an early stage and take appropriate actions.

In addition, the Mercedes-Benz Group has introduced a uniform, IT-supported risk assessment. A key safety action is the provision of emergency medical care and compliance with applicable occupational health standards worldwide.

Effective reporting helps the Mercedes-Benz Group achieve its occupational health and safety targets. All locations must therefore report accidents and accident metrics to the Health & Safety division. The Group has an accident documentation system at its disposal from which standardised key figures can be derived in compliance with applicable data protection regulations. The Mercedes-Benz Group uses these metrics to prepare reports with the Group-wide accident key figures. Every reported accident is analysed to explain its cause and initiate preventive measures.

The Group is raising awareness among its employees about ergonomics and occupational safety in order to create a sustainable "Safety First Culture" and permanently reduce the number of accidents at work. In the year 2024, short films about potential safety risks in production, administration, on construction sites and in traffic safety were produced as part of the “We work SAFELY!” campaign. In addition, a SAFE workshop was opened at the Stuttgart and Rastatt sites to raise awareness among employees and various activities were held for the Occupational Safety Day.

In the area of health promotion and prevention, the Mercedes-Benz Group places great emphasis worldwide on the ergonomic design of workplaces in order to avoid musculoskeletal disorders. In addition, preventive and suitability examinations are carried out based on risk assessments and legal requirements in

1 Status in the reporting year: according to plan.

order to keep employees healthy and to deploy them in a way that is appropriate to their abilities.

The Mercedes-Benz Group offers its employees in Germany occupational health services that go far beyond the legal requirements. These include company doctor consultations, a comprehensive preventive health check, occupational health advice and precautions, as well as actions and offers for company health promotion and social counselling. Company health management in Germany is intended to promote both the physical and mental health of its employees.

One focus of the awareness-raising actions in 2024 was on the topic of mental health. The internal Germany-wide communication campaign “Paths to inner stability” informed employees and especially managers about possible symptoms and provided information about support options and contact points within the Group. In addition, in 2024 managers at Mercedes-Benz AG and Mercedes-Benz Group AG in Germany underwent mandatory training on mental health and psychosocial leadership skills.

In addition, there are regular qualifications and awareness-raising actions for employees. These cover a wide range of topics, including handling hazardous substances, understanding systems and processes, and available support services. Some of the training courses are also mandatory.

Metrics

Share of employees covered by the occupational health and safety management system (in %)

	2024
Share of covered employees	100

Recordable work-related accidents[1]

	2024
Number of recordable work-related accidents	989
Rate of recordable work-related accidents[2]	3.2

1 Number of all reportable occupational accidents according to local legislation (excluding commuting accidents).
2 Per 1 million hours of attendance.

Number of fatalities as a result of work-related injuries

	2024
Own workforce	0
Other workers who worked at a Mercedes-Benz Group site	2

Number of fatalities as a result of work-related ill health[1]

	2024
Own workforce	0
Other workers who worked at a Mercedes-Benz Group site	0

1 The information relates to work-related ill health that were reported to the Mercedes-Benz Group or identified as part of medical monitoring during the reporting period. In accordance with local legal regulations, no cases were reported to the Group in the reporting year. In Germany, for example, work-related ill health are recorded by the employers' liability insurance association.

Employee representation and engaging with own workforce

Policies

The Mercedes-Benz Group recognizes the right of its employees to form employee representative bodies and to collective bargaining to regulate working conditions, as well as their right to strike. Relevant are the agreement on the World Employee Committee[1], the agreement on the information and consultation of employees at European level (Agreement on the European Works Council) and, in Germany, the national Works Constitution Act on trust-based cooperation. Important partners are the works council committees at the locations, the General Works Council, the Group Works Council, the European Works Council and the World Employee Committee.

1 The World Employee Committee is the global representation of the employees of the Mercedes-Benz Group and serves to facilitate the exchange of information and opinions between employee representatives, as well as the dialogue with the Group management on cross-border issues.

The Mercedes-Benz Group reviews the effectiveness of its policies and actions through, among other things, employee surveys and various feedback channels for employee involvement.

Actions

Collective bargaining agreements exist for the majority of employees across the Group. In the Mercedes-Benz Group AG, Mercedes-Benz AG and other Group units, these apply to all employees covered by collective agreements. Company and employee representatives in Germany also conduct an ongoing and structured dialogue. The parties strive to take into account both the economic interests of the Group and the interests of the employees. The results of the dialogues and thus the rights of the employees are laid down in various (general) works agreements, among other things.

In order to shape the transformation together with employees and employee representative bodies, the Group incorporates their perspectives into decision-making and work processes, including through institutionalized co-determination processes, regular employee surveys and internal Group ideas management.

The Mercedes-Benz Group maintains a continuous dialogue with employee representatives in order to harmonize the economic interests of the Group and the concerns of the workforce. This exchange takes place through the structured involvement of employee representatives in various committees (e.g. personnel commission, economic committee). The co-determination rights under the Works Constitution Act (BetrVG) are preserved and workers' representatives are involved in decisions on social, personnel and economic issues.

Regular meetings between works councils and the Board of Management serve to exchange information on current developments and challenges, with employees being informed early on about planned changes. The working conditions of employees are regulated in a binding manner in Group, General and Works Agreements. In addition, representatives of the workforce are part of the Supervisory Board.

The cooperation with the collective bargaining parties is an important action within the social dialogue. Collective bargaining agreements, in-house and supplementary collective agreements as well as works agreements regulate the working conditions for the majority of employees. The HR department of the Mercedes-Benz Group actively approaches employee representatives bodies in order to work together on issues and to reach agreements and implement them. Youth and trainee representatives are also firmly established at the local and cross-site level. In the 2024 reporting year, important agreements were reached, including the extension of the framework social plan and a voluntary General Works Agreement on profit sharing for the 2023 financial year.

Employees can find out about the relevant impacts and contribute via various communication channels such as the employee portal, emails and special dialogue formats. This includes information on further training and retraining actions, transformation projects and the promotion of health and safety in the workplace. Employees also have the opportunity to take part in the Employee Day of the Sustainability Dialogue to gain insights into future projects.

Collective bargaining coverage and social dialogue
92.3% of all employees in the European Economic Area[1] are covered by collective agreements. There is also an agreement on the representation of employees by the European Works Council. It serves to facilitate the Europe-wide exchange of information and opinions between the Group management and the employees.

Coverage Rate[1]	Collective Bargaining Coverage[2, 3]	Social Dialogue[2]
0-19%		
20-39%		
40-59%		
60-79%		
80-100%	Germany	Germany

1 For countries in which the Mercedes-Benz Group has 50 or more employees, representing at least 10% of the total number of employees.
2 Reference date 31.12.2024.
3 Multiple collective bargaining agreements.

Employee survey
The HR department implements the involvement of the workforce through a Group-wide employee survey. The aim of the regular survey is to measure employee commitment, employee satisfaction, the implementation of the People Principles in everyday work and other important topics. This is an important indicator of where the Mercedes-Benz Group stands on various topics from the perspective of its employees and where there is potential for improvement. The survey offers employees the opportunity to give feedback and, with the follow-up process, contributes to continuously improving the management and corporate culture through a variety of local and cross-company initiatives. In this way, the work culture can be continuously developed further in the transformation process by deriving suitable actions.

Employee networks
Networks offer employees with common interests, experiences or values the opportunity to come together and connect and exchange ideas across all levels. The Mercedes-Benz Group underlines the importance of the networks by incorporating their diverse perspectives, especially in Diversity, Equity & Inclusion Management.

Ideas management
The workforce is also involved through structured ideas management, which is an integral part of the corporate culture. Employees can submit their ideas on relevant topics such as resource use, occupational safety and environmental protection via a digital platform.

Remediation of negative impacts and channels for own workforce to raise concerns
If employees of the Mercedes-Benz Group are discriminated against, bullied or sexually harassed, or if they have observed such incidents, they can turn to various contact points: managers, the HR department, social counselling, employee representatives, the company medical service, the Works Council or the Group Representative Committee for Senior Managers. Reports are examined, followed up and, if necessary, acted upon with disciplinary proceedings.

Other points of contact are the Integrity Info Point and the Group's own whistleblower system BPO (Business & People Protection Office). The Whistleblower System BPO can be found in the chapter Governance information under Corporate culture.

In many units, employees also have access to external employee support programmes, which include self-help options as well as (anonymous) counselling services.

Equal treatment and equal opportunities for all

Policies
The Mercedes-Benz Group values a diverse workforce and appreciates the uniqueness of each individual. Diversity and inclusion are therefore central components of the Mercedes-Benz Group's strategy. The strategic focus is on the topics of women's advancement, internationality and inclusion.

1 European Economic Area (EEA) = EU including Iceland, Liechtenstein, Norway.

The Mercedes-Benz Group has summarized its understanding of diversity and inclusion in the mission statement “Uniqueness makes us strong”. It was signed by all members of the Board of Management. For Mercedes-Benz Group AG, Mercedes-Benz AG and Mercedes-Benz Intellectual Property GmbH & Co. KG, the principles of diversity and inclusion are enshrined in the General Works Agreements Advancement of women and Equal opportunity. These define concrete areas of action for deriving measures related to equal opportunities as a whole or for the promotion of women.

These topics are also regulated in the Integrity Code and the Groups Works Agreement Fair Treatment in the Workplace. The Integrity Code, which can be found in the chapter Governance information under Corporate culture, defines the Corporate Principles and guidelines for the daily interactions of all employees of Mercedes-Benz Group AG and the consolidated Group companies worldwide. The Principles of Social Responsibility and Human Rights can be found in the chapter Workers in the value chain under Human rights and supplements and specifies the Integrity Code. It is binding for all employees of Mercedes-Benz Group AG and consolidated Group companies worldwide.In accordance with its Corporate Principles, the Mercedes-Benz Group promotes an open attitude characterized by mutual respect, appreciation and fairness.

Equal opportunities for all is the aspiration. Discrimination in any form is not tolerated, especially not in relation to:

- age
- disability
- gender, gender identity and gender expression
- health status
- national and ethnic origin
- political opinion, religion and ideology
- political, social or union affiliation
- sexual orientation
- social background

Targets

The Group pursues the following targets with regard to equal treatment and equal opportunities:

- Achieve an Inclusion Index[1] of 75% by 2030.

The milestone of 70% by 2025 was reached in the employee survey in 2023. To set the target, an ambitious target was defined using the status quo. After setting the target, appropriate actions and a process for monitoring target achievement in conjunction with the evaluation of the employee survey were implemented.

- 30% women in senior management positions at levels 1-3 worldwide by 2030[2].

In 2020, the proportion of women in senior management positions was 20% worldwide. To set the goal, an ambitious target was defined using the status quo. Appropriate actions have been implemented and the achievement of the target is reviewed quarterly and presented to the Board of Management of Mercedes-Benz Group AG.

1 The approval rate is measured using the evaluation of the following statement in the employee survey: Everyone in this Company is treated fairly – regardless of ethnicity, gender, age, disability or other differences that have nothing to do with professional performance. Status in the reporting year: according to plan.
2 Status in the reporting year: according to plan.

Actions

The Mercedes-Benz Group is actively committed to an inclusive corporate culture based on appreciation and respect, thus promoting diversity, equal opportunities and equal treatment of employees.

The permanent actions include information, awareness-raising and participation formats that emphasize the principles and rules for equal opportunities and respectful interaction. In addition, there are training courses, information and advice offers on topics such as sexual harassment, bullying and discrimination as well as measures within the framework of the Social Compliance Management System. Further information on this can be found in the section Other work-related rights of this chapter. The Group sensitizes employees to diversity, equity and inclusion with its own online training, while a global diversity community on the employee portal promotes exchange. With annual communication planning, the Group ensures that important topics such as International Women's Day and the Day of Persons with Disabilities are taken into account.

In 2024, the Group demonstrated its commitment to diversity and inclusion, for example with Diversity Week, a week full of digital offerings that focused on equal opportunities and the personal contribution of the individual, or by participating in Christopher Street Day and Pride Parades, in which the Mercedes-Benz Group has been present for over ten years. In 2024, the Mercedes-Benz Group was involved in many cities with sponsorship activities for local LGBTIQ+ organizations. In addition, the Group promoted dialogue with employee networks through exchange formats on topics such as women, cultures and LGBTIQ+.

To promote the inclusion of persons with disabilities, the Mercedes-Benz Group AG continuously implements actions that are set out in an inclusion agreement. These include the creation and adaptation of specially designed workplaces, e.g. through the use of digitalization and Industry 4.0. In Germany, representatives of severely disabled people and inclusion officers advocate for the interests of severely disabled employees in order to enable equal participation.

The Group also organizes awareness-raising activities and provides barrier-free tools to support an inclusive working environment.

The Mercedes-Benz Group promotes internationality, a global mindset and the cultural diversity of its workforce. Among other things, it supports international assignments for its employees and offers attractive support services and safe reintegration.

The Group is pursuing various actions to actively promote the advancement of women. On International Women's Day in 2024, for example, the Mercedes-Benz Group offered digital dialogue formats with internal female role models. The Group also enabled a select delegation of female managers to take part in the Global Summit of Women. In addition, the Mercedes-Benz Group is a member of the European Women's Management Development Network (EWMD) and a signatory of the UN Women's Empowerment Principles (WEPs). Internal personnel development programmes offer targeted mentoring and development opportunities for female talent. In addition, the Group offers specific formats to specifically address women in technical professions.

The Mercedes-Benz Group is also committed to diversity and inclusion outside the Group through memberships and initiatives such as the Charta der Vielfalt e.V., The Valuable 500 and the UN Standards of Conduct for Business to combat discrimination against LGBTI people.

Metrics

Gender distribution at top management level (1-2)[1]	
	At 31 December 2024
Gender distribution at top management level (absolute)	
Male	330
Female	100
Gender distribution at top management level (in %)	
Male	76.7
Female	23.3

1 Top Management level is the first two levels directly below the Board of Management.

The Mercedes-Benz Group has taken a more comprehensive approach to calculating the gender distribution of the top management level, as the aim is to increase the proportion of women in all senior management positions, not just in top management.

Gender distribution at senior management level 1-3*,[1] – company-specific	
	At 31 December 2024
Gender distribution at senior management level (absolute)	
Male	1,656
Female	593
Gender distribution at senior management level (in %)	
Male	73.6
Female	26.4

* Data have been audited with reasonable assurance.
1 Management levels 1-3 are the first three levels under the Board of Management.

Age distribution of own workforce (in %)	
	At 31 December 2024
Under 30 years	13.1
30-50 years	56.8
Over 50 years	30.1

Other work-related rights

Policies

Respect for human rights is of central importance to the Mercedes-Benz Group and has been integrated into the sustainable business strategy as a dedicated focus area called Human Rights. The internationally recognized reference frameworks and the Mercedes-Benz Group's Principles of Social Responsibility and Human Rights form the basis for this. The organizational anchoring of the topic of human rights, the international reference frameworks, the Principles of Social Responsibility and Human Rights and the human rights due diligence approach (the Human Rights Respect System) can be found in the chapter Workers in the value chain under Policies.

The Mercedes-Benz Group reviews the effectiveness of policies and actions, among other things, through the annual assessment of high-risk entities and their implementation measures within the framework of the Social Compliance Management System (Social CMS).

Actions

The Human Rights Respect System (HRRS) includes, among other things, the protection of the Group's own workforce through the Group-wide Social CMS. The Mercedes-Benz Group uses the Social CMS to identify and address in particular those human rights risks that may arise among the workforces of its own Group companies. For example, employee rights are addressed systematically and risk-based through the Social CMS. With the Social CMS, the Mercedes-Benz

Group has integrated the topic of human rights for the Group companies into the Group-wide compliance risk management process.

The Mercedes-Benz Group has implemented minimum requirements via the Social CMS to protect employee rights and systematically prevent human rights risks. The basis for this are the Principles of Social Responsibility and Human Rights. Among other things, the Social CMS stipulates that compliance with the minimum age in accordance with the relevant ILO conventions must be ensured by documenting the age of employees when they join the Group. This can be done, for example, through model employment contracts that require the date of birth to be stated and through documentation in the HR system. In addition, the policy on minimum standards for HR work also requires that personal details are recorded when hiring. The Social CMS also requires that local units deal with and observe the ILO convention on the prohibition of forced labour. Local regulations and processes must be regularly reviewed and, if necessary, adjusted to comply with the specified framework. The HR department is responsible for managing the entire process of concluding employment relationships. The preventive actions implemented have contributed to risk mitigation in an appropriate and effective manner.

Incidents, complaints and severe human rights impacts

Incidents and complaints relating to discrimination and other labour law issues

	2024
Number of severe incidents of discrimination[1]	21
Number of complaints filed through internal channels[2]	334
Number of complaints filed through national contact points	0

1 This figure essentially includes serious cases of discrimination, sexual harassment, racism and violations of physical/psychological integrity.
2 Disciplinary cases in the human resources department regarding working conditions, equal treatment and equal opportunities and other work-related rights that have been documented in writing are addressed.

In connection with the above-mentioned cases of discrimination and complaints on other labour law issues, material fines, sanctions and damages payments amounting to €10.000 were incurred. These expenses are included in the Consolidated Statement of Income/Loss under Other operating expense.

During the reporting period, the Mercedes-Benz Group was not aware of any incidents relating to serious human rights violations in connection to the own workforce. No material fines, sanctions or compensation payments were incurred in connection with such incidents during the financial year.

Workers in the value chain

Material impacts, risks and opportunities and their interaction with strategy and business model

The Mercedes-Benz Group has identified its material impacts, risks and opportunities related to labour in the value chain in accordance with the requirements of the ESRS. These are described in the chapter General information under Identification of material impacts, risks and opportunities and presented in the table below.

Respect for human rights is of central importance to the Mercedes-Benz Group and therefore constitutes one of the six sustainability focus areas. Further information on this can be found in the chapter General information under Strategy, business model and value chain. The Group is committed to protect and promote human and employee rights along the entire value chain. This also applies to all employees[1] along the complex supply chains.

Supply chains can comprise up to eight levels and are sometimes branched out into a system of sub-suppliers. The supply chains evolve dynamically with every market development and innovation. Basic information on the structure of supply chains can be found in the chapter General information under Strategy, business model and value chain. With the expansion of electromobility in particular, the protection of workers in the upstream value chain is increasingly coming into focus. The production of battery cells requires an increased demand of raw materials such as lithium and cobalt. These often come from countries with an increased risk of human rights violations and negative impacts on working conditions and employee rights.

The Mercedes-Benz Group has established a risk-based approach to upholding human rights due diligence, called the Human Rights Respect System (HRRS). It is committed to the responsible procurement of production and non-production materials and services. All products should only contain raw materials and materials that have been mined and produced in compliance with human rights, employee rights and environmental standards. The Group already takes this principle into account in the purchasing process. Supplier Compliance Risk Management (SCRM) defines mandatory requirements for compliance with human rights due diligence within external procurement processes. In addition, the Group formulates minimum requirements and expectations for its suppliers, which are set out in the Responsible Sourcing Standards (RSS). These additional details can be found on the Mercedes-Benz Supplier Portal website.

Information on the analysis of the resilience of the Group's strategic sustainability focus areas with regard to material impacts, risks and opportunities can be found in the chapter General information under Material impacts, risks and opportunities.

1 This also includes workers who work at the Group's site but are not part of the Group's workforce, workers who work in the upstream value chain and workers who work in the operations of a joint venture or special purpose entity in which the Mercedes-Benz Group is involved.

Workers in the value chain – material impacts, risks and opportunities	Direction of action	Time horizon	Localization	Value chain position
Working conditions				
Impacts				
Impairment due to long working hours	negative	short-, medium- & long-term	regional	VU
Inadequate remuneration in the upstream value chain	negative	short-, medium- & long-term	regional	VU
Restrictions on employees' freedom of association	negative	short-, medium- & long-term	regional	VU
Restrictions on employees' collective bargaining rights	negative	short-, medium- & long-term	regional	VU
Impairment on health and safety	negative	short-, medium- & long-term	regional	VU
Equal treatment and equal opportunities for all				
Impacts				
Impairment of equal opportunities for employees	negative	short-, medium- & long-term	regional	VU
Other work-related rights				
Impacts				
Potential child labour in the upstream value chain	negative	short-, medium- & long-term	regional	VU
Potential forced labour in the upstream value chain	negative	short-, medium- & long-term	regional	VU
Impairment due to lack of access to drinking water and sanitary facilities	negative	short-, medium- & long-term	regional	VU
Risks				
Capital market-related investment losses related to incidents of human rights violations		short-, medium- & long-term	regional	VU
Human rights violation in supply chains		short-, medium- & long-term	regional	VU

VU = Value chain upstream OA = Own business activity VD = Value chain downstream

= actual = potential = ESRS compliant target filed

Policies

Human rights

The Mercedes-Benz Group is committed to ensuring that human rights are complied with and respected in all Group companies and by its partners along the value chain, especially suppliers. It is therefore committed to respecting the following international standards:

- Universal Declaration of Human Rights
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- Declaration of the International Labour Organization (ILO) on Fundamental Principles and Rights at Work
- United Nations Guiding Principles on Business and Human Rights
- Ten Principles of the UN Global Compact (UNGC)
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Companies

In its Principles of Social Responsibility and Human Rights, the Mercedes-Benz Group emphasizes how important the protection of human rights and good working conditions are for the Group. The principles describe the process for implementing human rights due diligence obligations and lists the human rights risks relevant to the Mercedes-Benz Group. The Group has identified these risks in accordance with the UN Guiding Principles on Business and Human Rights, taking into account the nature and scope of its own business activities, the above-mentioned international standards and the specific context of the automotive industry. The Principles of Social Responsibility and Human Rights include, among others, the following topics:

- an appropriate remuneration
- compliance with legal or industry-specific working time requirements
- the prohibition of human trafficking, child and forced labour
- the right to freedom of association and collective bargaining
- health and safety at work
- the right to equal opportunities and protection from discrimination

The HRRS is the process for implementing human rights due diligence obligations. The Mercedes-Benz Group uses the HRRS to carry out systematic and risk-based checks of whether human rights are being respected in the value chain. Accordingly, the Group pursues a variety of actions to prevent negative impacts on human rights worldwide within its business activities and towards its partners and suppliers, to end them wherever possible or to mitigate them.

The Chairman of the Board of Management and other members of the Board of Management of the Mercedes-Benz Group AG have signed the Principles of Social Responsibility and Human Rights together with the General Works Council, the World Employee Committee and IndustriALL Global Union. All relevant departments of the Group participated in drafting the principles. This included input from in-house human rights experts, as well as the perspectives and expertise of external stakeholders.

The overarching activities on the topic of human rights are managed by the Integrity, Governance & Sustainability executive division of Mercedes-Benz Group AG. This division is responsible for the Principles of Social Responsibility and Human Rights as well as for the further development of human rights due diligence within the Mercedes-Benz Group via the Group's own Human Rights Respect System. The responsible member of the Board of Management of Mercedes-Benz Group AG and the Group Human Rights Officer, who reports to the responsible member of the Board of Management, develop the topic further. To this end, the Board of Management member is regularly informed about the Group's human rights activities and receives corresponding reports.

The Chief Compliance Officer of the Mercedes-Benz Group is also the Group's Human Rights Officer. He is a member of the Group Sustainability Committee and reports to the Board of Management member responsible for Integrity, Governance & Sustainability at Mercedes-Benz Group AG. He reports annually as well

as occasion-related to the Board of Management of Mercedes-Benz Group AG and other committees on particularly relevant human rights topics and on the status of implementation of the Declaration of Principles of Social Responsibility and Human Rights.

In addition, the Human Rights Officer heads the Human Rights Steering Committee, which coordinates the implementation of the Declaration of Principles on Social Responsibility and Human Rights and the HRRS within the Mercedes-Benz Group. Its members include representatives from Procurement and the Human Relations department as well as the Group's environmental and energy representative, among others.

Internal guidelines and requirements define the mandatory specifications for procurement processes. The guidelines apply to the managers and employees of the Mercedes-Benz Group and its controlled companies. The Social Compliance department supports the definition of the requirements of human rights due diligence within the Mercedes-Benz Group and towards suppliers. In doing so, it works closely with the specialist departments that are responsible for the operational implementation of human rights due diligence – in particular with the procurement units and the functional compliance officers responsible for them.

Requirements for suppliers

The Mercedes-Benz Group has anchored the guidelines for responsible supply chain management in the Responsible Sourcing Standards (RSS). They define minimum requirements and expectations for Tier-1-suppliers and contractually oblige them to comply with the requirements, to communicate them to their employees and upstream value chain stages and to monitor compliance in their business processes and sphere of influence. As a central contractual document for minimum and sustainability requirements, they are used internationally.

The RSS are derived from internationally recognized standards, the Integrity Code and the Principles of Social Responsibility and Human Rights. In addition to the human rights minimum requirements, the RSS also set minimum environmental requirements. These are described in more detail in the chapter Climate change mitigation in the upstream value chain under Policies and in the other chapters on environmental information.

Targets

The Mercedes-Benz Group has set targets to implement its human rights due diligence. These were approved by the Board of Management of Mercedes-Benz Group AG. The requirements of internal and external stakeholders were also incorporated into the target-setting process. The targets are reviewed and updated annually. The Mercedes-Benz Group uses qualitative indicators and internal processes to monitor the extent to which policies and actions are effective. The following targets have been set, among others:

- By the year 2028, define preventive actions for 100% of the Mercedes-Benz Group's production materials that pose an increased risk of human rights violations[1].
  - Milestone: by the end of the year 2025, review 70% of all production raw materials used by the Mercedes-Benz Group with an increased risk of human rights violations and define necessary preventive actions.
- By the year 2027, review the appropriateness of prevention measures for service and non-production material commodities relevant for value creation with the most significant human rights or environmental risks and derive areas for optimization[1].

Actions

With the following actions, the Mercedes-Benz Group promotes transparency in the supply chain and also wants to ensure that business partners comply with internationally recognized human rights and observe other social standards and environmental requirements.

1 Status in the reporting year: according to plan.

Human Rights Respect System (HRRS)
The Human Rights Respect System is the human rights due diligence approach of the Mercedes-Benz Group. It includes the protection of the company's own workforce through the Group-wide Social Compliance Management System (Social CMS) in Group companies as well as processes for human rights due diligence in supply chains through Supplier Compliance Risk Management (SCRM) for direct suppliers and, on a risk-based basis, indirect suppliers (beyond Tier 1). The Human Rights Respect System is based on the Group's Integrity Code, the Principles of Social Responsibility and Human Rights and the Group Environmental and Energy Management Policy, including the ambitions to achieve carbon neutrality, as well as the existing legal requirements and internationally recognized human rights standards.

The HRRS consists of four steps: 1. Risk assessment, 2. Programme implementation, 3. Monitoring and 4. Reporting. It aims to identify risks and potential and actual negative impacts of corporate activities on respect for human rights at an early stage, to systematically prevent them and – if necessary – to initiate countermeasures.

Supplier Compliance Risk Management (SCRM)
As part of the SCRM, the Mercedes-Benz Group subjects Tier-1-suppliers of its procurement units for production materials as well as for non-production materials and services to a risk assessment at least once a year. Following an initial overarching risk statement, the concrete risks are determined using specific questionnaires.

To ensure comparability, the Group also uses standardized instruments from external sources. One example is the industry-wide sustainability questionnaire on social and environmental due diligence obligations (Sustainability Assessment Questionnaire) of the European sustainability initiative "Drive Sustainability".

In addition, the procurement departments for production materials as well as non-production materials and services continuously review Tier-1 suppliers risk-based for human rights and environmental risks using artificial intelligence.

The Mercedes-Benz Group follows up on internal and external reports of potential human rights violation at Tier-1-suppliers and in case of substantiated knowledge at Tier-n-suppliers in accordance with the SCRM. It examines the nature and severity of the potential human rights violation. Depending on the result of the risk assessment or the analysis of suspected cases, the procurement departments for production materials and non-production materials and services agree on and review suitable preventive or corrective actions with the supplier.

In addition, the Mercedes-Benz Group continued its risk-based audits of direct and indirect suppliers in the year 2024. If on-site visits reveal deficiencies at a supplier, the Mercedes-Benz Group asks the supplier to improve the relevant processes. If the supplier does not improve the respective processes adequately, the Group decides on further steps on an individual basis. In particularly serious cases, management committees are also involved. In the last analysis, this can lead to the Mercedes-Benz Group severing its relationship with a supplier.

Audits in the deeper supply chain
Since the year 2018, an external auditing and consulting company has been creating transparency for Mercedes-Benz about the complex raw material supply chains for battery cells and auditing them across all stages of the supply chain in accordance with OECD due diligence guidelines. After initial audits in the cobalt supply chains, the commitment was expanded in the year 2022 to include other battery raw materials: lithium, nickel, graphite, manganese and aluminium. Mercedes-Benz is also gradually increasing transparency in these supply chains and conducting audits. In addition, the scope of the audit, with a focus on human rights, was expanded to include environmental aspects and applied to selected audits.

Supplier training courses
The Mercedes-Benz Group sensitizes and informs its suppliers through appropriate training modules and –

where appropriate – through its cooperation with sustainability and human rights initiatives.

The Mercedes-Benz Group has developed the Compliance Awareness Module based on its sustainability standards for suppliers and its Integrity Code. The publicly available module supports suppliers in dealing responsibly with potential integrity and compliance risks. All suppliers can access the module via the supplier portal around the clock.

Review of risk raw materials

In order to examine further risks in procurement that go beyond Tier 1 suppliers, the Mercedes-Benz Group first analysed the raw materials present in a Mercedes-Benz vehicle and prioritized them based on various factors. The methodology provides for raw materials to be evaluated and prioritized based on country risk, the criticality of the raw material and internal expert assessments. External data sources are used for the evaluation, e.g., RMI Global Risk Map. The Group plans to gradually examine the 24 critical raw materials identified in more detail by the year 2028 and define appropriate actions. This review consists of three steps:

1. Increase transparency along the raw material supply chains – especially for certain components, such as the battery cell. To this end, Mercedes-Benz AG contacts the suppliers of the relevant components and asks them to disclose their supplier structure in a self-disclosure.
2. Identify risk hotspots in the raw material supply chains – for example, based on country risks in the individual mining countries.
3. Define and implement actions for risk hotspots and check whether they are effective over the long term. An example of such an action is the Responsible Lithium Partnership in the Salar de Atacama in Chile. Further information on this action can be found in the chapter Water and marine resources under Actions.

When assessing risks, the Mercedes-Benz Group is guided by the Severity Approach of the UN Guiding Principles, among other things. The Group first assesses which human rights risks generally occur in connection with a specific raw material. The severity of the risk and the number of people affected are then assessed. In a further step, the Mercedes-Benz Group uses supplier dialogues, supplier self-disclosures and audits to assess whether the risk also occurs in its own production material supply chain. If this is the case, the Mercedes-Benz Group defines suitable actions to minimize the relevant human rights risks .

When selecting actions, the Mercedes-Benz Group follows the principle of not categorically excluding high-risk areas as sources of critical raw materials. Instead, it wants to make an active contribution to better protecting people and the environment along its supply chains. The Mercedes-Benz Group follows the principle of “Empowerment before withdrawal". This is enshrined in the German Supply Chain Due Diligence Act (LkSG) as a regulatory principle. The ambition is to improve the situation for people on the ground and to strengthen their rights.

Further information on the review of individual raw materials, identified risks, involvement of stakeholders and actions initiated can be found in the Raw Materials Report. In the reporting year, the Mercedes-Benz Group was able to complete 65% of the process for reviewing all 24 critical raw materials, thereby achieving its target for the year 2024. The target achievement describes the progress in the process for reviewing all 24 raw materials, including fully completed and partially completed assessments. During the reporting period, it completed the review of graphite, rare earths (REE), quartz sand and silicon. The identified risk areas include child labour, inadequate occupational health and safety, environmental risks related to human rights, and forced labour. The Mercedes-Benz Group also made progress in the reporting period for raw materials that have not yet been finally reviewed: It has collected important data that is necessary for the review – on deposits, production volumes, mining and processing of the raw materials, as well as on trade in them.

Review of high risk services and non-production materials

In addition, the Mercedes-Benz Group has the ambition to make risks in upstream supply chains for services and non-production materials more transparent in order to address them adequately. The Group therefore systematically examines value-added commodities with the most significant human rights or environmental risks in the procurement department for services and non-production materials using a three-stage process.

First, the Group analyses the procurement data and markets of the product group and researches human rights and environmental risks and contextual factors of the associated industry. Depending on the identified risk situation, a cross-functional group of experts verifies the results. The expectations of stakeholders are also taken into account. If the Group identifies a need for action, existing preventive actions are further developed. In the reporting year, the Mercedes-Benz Group used this approach to focus on reviewing its transport logistics supply chains. In addition, it actively participated in a working group of the Sector Dialogue Automotive Industry of the National Action Plan for Business and Human Rights (NAP) to identify suitable preventive and remedial actions in the area of road transport logistics.

Promote human rights

In addition to preventive measures, the Mercedes-Benz Group is committed to actively exerting a positive influence on the regions where raw materials and materials for its products are obtained.

The Group supports social projects in the supply chain with a focus on improving living conditions in the affected communities and thus helping to prevent child labour. The focus is on raising awareness about children's, girls' and women's rights as well as creating educational and health opportunities and improved learning conditions. This is intended to strengthen the human rights situation of the local population as a whole. To this end, the Group cooperates with two NGOs: the Good Shepherd International Foundation in partnership with Bon Pasteur Kolwezi in the Democratic Republic of Congo, focusing on the cobalt mining region. The Terre des Hommes project in India focuses on the mica mines in Jharkhand and the surrounding region.

Both cooperations aim to show the population in the mining region alternative income opportunities and thus improve the quality of life in these communities in the long term. The Terre des Hommes project in particular places greater emphasis on the representation of interests at local and national levels and the involvement of the private sector in order to influence the political discourse on the issue of child labour.

The Mercedes-Benz Group discussed the effectiveness of the initiatives with the sponsor at regular intervals. For example, in the reporting period, quarterly meetings were held in which the Group analysed the initiative's current success indicators and compared them with the figures initially set in the funding agreement.

Industry associations

The Mercedes-Benz Group has long been involved in various industry and trade associations, as well as initiatives and networks, that address the issues of sustainability and human rights in the supply chain. These memberships help the Group make complex supply chains more responsible through joint actions.

- UN Global Compact: The Mercedes-Benz Group is a founding member of the UN Global Compact.
- UN Global Compact Network Germany e.V.: The Mercedes-Benz Group is a founding member of the UN Global Compact Network Germany e.V. and participates as an active member in the Peer Learning Group Human Rights.
- econsense – Forum for Sustainable Development of the German Economy e.V.: The Mercedes-Benz Group participates in the Human Rights & Value Creation cluster, among others.
- World Business Council for Sustainable Development (WBCSD): The Mercedes-Benz Group is a member of this global business initiative for sustainable development.

- Responsible Supply Chain Initiative e.V. (RSCI): The Mercedes-Benz Group is a founding member of the association established by the Association of the Automotive Industry (VDA). The ambition is to support all players in the automotive sector in improving and further developing sustainability in their supply chains through on-site visits and corresponding follow-up.
- Drive Sustainability: The Mercedes-Benz Group is a LEAD partner of the European automotive industry initiative Drive Sustainability, which promotes sustainability in the supply chain. Common guidelines play an important role here:
  - The Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain
  - The Raw Material Outlook, an offering developed on the initiative of Mercedes-Benz AG to support suppliers and stakeholders along raw material supply chains in conducting effective due diligence.
- Automotive industry dialogue in the National Action Plan for Business and Human Rights (NAP): The Mercedes-Benz Group is actively participating in the automotive industry's NAP industry dialogue. The ambition is to exchange best practices with representatives from civil society, science and politics, business and associations and to develop joint solutions to strengthen human rights in value chains.
- Catena-X: The Mercedes-Benz Group is a founding member of the Catena-X cooperation project. The ambition is to enable secure, sovereign and standardized data exchange across all participants in the automotive value chain. Catena-X is intended to support the Mercedes-Benz Group, among other things, in checking whether and to what extent suppliers comply with specified sustainability requirements. From the raw material mines to recycling, the data chain is to be supplemented with CO_2 data from each company, thus enabling a product-specific carbon footprint with the highest possible proportion of primary data.
- Responsible Minerals Initiative (RMI): The Mercedes-Benz Group has been a member of this initiative since the year 2018 with the ambition to promote responsible procurement of raw materials worldwide.
- Initiative for Responsible Mining (IRMA): The Mercedes-Benz Group has been a member of the multi-stakeholder initiative since the year 2021. This initiative advocates an independent assessment of the social and environmental performance of industrial mining sites worldwide.
- Aluminium Stewardship Initiative (ASI): The Mercedes-Benz Group has been a member of this initiative since 2018 with the ambition to achieve improvements along the entire aluminium value chain.
- Responsible Mica Initiative (RMI): As an active member since 2020, the Mercedes-Benz Group is committed to fair working conditions and the creation of a legal framework for mica mining.

Involvement of the workforce in the supply chain

The Mercedes-Benz Group uses various formats to enter into dialogue with relevant stakeholders, as well as the workforce in the supply chain. The formats for involving stakeholders are described in detail in the chapter Strategy under Interests and views of stakeholders.

The Mercedes-Benz Group attaches great importance to developing and implementing its HRRS together with external stakeholders. It is particularly important to the Group to exchange ideas with potentially affected stakeholders and their representatives in order to identify human rights risks and develop suitable measures. Besides, it also enters into dialogue with external third parties such as civil society groups or the local population and takes their suggestions into account. At the annual Sustainability Dialogue in the reporting year, the Human Rights Working Group discussed how to measure effectiveness in the raw material supply chain. More information on the Sustainability Dialogues can be found in the chapter Strategy under Interests and views of stakeholders. The ambition of the working group is to incorporate feedback and expertise from external stakeholders into the further development of the HRRS.

In addition, the Group systematically involves potentially affected stakeholders in the review of its 24 raw materials identified as critical in order to identify human rights and environmental risks and implement suitable actions. Regional and local NGOs represent an important interest group, as they provide a more accurate picture of the situation on the ground and are aware of the concerns of those potentially affected. In addition, trips were made to mining areas during the reporting period, among others to Brazil and Guinea, from where Mercedes-Benz AG sources bauxite and aluminium. The on-site visits serve to establish contact with those potentially affected and to involve them in the design of actions. The Mercedes-Benz Group is also committed to greater involvement of those potentially affected, such as the local population, in audits by standard systems.

The organizational anchoring can be found in this chapter under Policies.

Remediation of negative impacts and channels through which concerns can be raised

The Whistleblower System BPO (Business & People Protection Office) enables suppliers, employees in the value chain and external whistleblowers worldwide to report violations of the rules. The Mercedes-Benz Group works closely with the World Employee Committee in this regard. The Whistleblower System BPO is described in more detail in the chapter Governance information under Corporate culture.

In order to gain improved access to the deeper supply chain, the Mercedes-Benz Group is also participating in a pilot project to develop a cross-company grievance mechanism in Mexico, the “Mecanismo de Reclamación de Derechos Humanos” (MRDH). This independent grievance mechanism was developed in cooperation with government institutions, trade unions, civil society, companies (Mercedes-Benz, BMW and ZF Friedrichshafen) and human rights institutions from Germany and Mexico. The ambition of the MRDH is to identify and mitigate potential human rights risks in the automotive supply chain in Mexico.

During the reporting period, the Mercedes-Benz Group was not aware of any incidents relating to serious human rights violations in connection with the workers in the value chain.

Affected Communities

Material impacts, risks and opportunities and their interaction with strategy and business model

The Mercedes-Benz Group has identified its material impacts, risks and opportunities relating to affected communities in accordance with the requirements of ESRS. These are described in the chapter General information under Identification of material impacts, risks and opportunities and presented in the table below.

The Mercedes-Benz Group strives to combine economic success with responsible action towards the environment, people and society. For the Group, respect for human rights is a central component of responsible corporate governance and an elementary focus area of its sustainable business strategy. The protection of local communities and indigenous peoples is of great importance to the Mercedes-Benz Group.

The commitment is to protect and promote human rights along the entire value chain. This also addresses the rights of members of local communities and indigenous peoples who may be affected by business activities at supply chain locations and by local impacts of corporate activities.

The protection of the affected communities is also increasingly coming into focus due to the expansion of electromobility. The mining and processing of rare raw materials often takes place in regions where there is a risk of negative impacts on affected communities.

With regard to its complex supply chains, the Mercedes-Benz Group is committed to responsible procurement and sets minimum requirements for its suppliers, which are linked to clear expectations. Basic information on the structure of the supply chain is described in the chapter General information under Strategy, business model and value chain and in the chapter Workers in the value chain.

To avoid negative impacts on local communities and indigenous peoples, the Group relies on comprehensive prevention actions.

Information on the analysis of the resilience of the Group's strategic sustainability focus areas with regard to the material impacts, risks and opportunities can be found in the General information under Material impacts, risks and opportunities.

Affected communities – material impacts, risks and opportunities	Direction of action	Time horizon	Localization	Value chain position
Economic, social and cultural rights				
Impacts				
Impairment of water quality and sanitary facilities in affected communities	negative	short-, medium- & long-term	regional	VU
Limitation of land rights of affected communities	negative	short-, medium- & long-term	regional	VU
Civil and political rights				
Impacts				
Endangerment of human rights activists	negative	short-, medium- & long-term	regional	VU
Rights of indigenous peoples				
Impacts				
Limitation of rights of indigenous peoples	negative	short-, medium- & long-term	regional	VU

VU = Value chain upstream OA = Own business activity VD = Value chain downstream

● = actual ○ = potential ◯ = ESRS compliant target filed

Policies

The basis for respecting the rights of affected communities and indigenous peoples is made up of internationally recognized standards, the Mercedes-Benz Group's Principles of Social Responsibility and Human Rights and the Responsible Sourcing Standards (RSS). These overarching policies for protecting human rights can be found in the chapter Workers in the value chain under Policies. They apply to the entire value chain and therefore also to affected communities.

The Principles of Social Responsibility and Human Rights and the RSS explicitly mention the protection of local communities and indigenous peoples and recognize the ILO Convention No. 169 concerning Indigenous and Tribal Peoples in Independent Countries. With the RSS, the Mercedes-Benz Group sets binding minimum requirements for its suppliers in order to prevent potentially negative impacts on local communities, indigenous peoples, human rights activists and water resources.

The Mercedes-Benz Group uses qualitative indicators and internal processes to monitor the extent to which the policy and actions are effective.

Protection of local communities and indigenous peoples

The minimum requirements for partners to protect members of local communities and indigenous peoples include the following aspects: the partner assures the Mercedes-Benz Group that it will respect the rights of local communities and indigenous peoples who may be affected by business activities at the partner's locations and that it will take into account the local impacts of its business activities. In particular, the partner must:

- take appropriate actions to avoid potentially harmful impacts on the health, safety and livelihoods of local communities and indigenous peoples. It shall not unlawfully compel the relocation of local communities and indigenous peoples or unlawfully contribute to their involuntary relocation.
- respect the principles of free, prior and informed consent of indigenous peoples in its activities as defined in the ILO Convention No. 169.
- respect the rights of indigenous peoples and their social and cultural heritage, as well as their environmental and economic interests. This includes their relationship with the land, including its management, and with other natural resources.

In addition to the minimum requirements, the partner should:

- work in a spirit of trust with local authorities and relevant local stakeholders to achieve the best possible outcome for the people affected by their business activities.
- engage in local community development and create employment opportunities.
- if relocation is absolutely necessary, minimize and compensate for any negative social and economic impacts. This compensation should restore previous living conditions.
- not tolerate land grabbing by direct suppliers.
- take remedial action over areas that have been illegally appropriated in the past.
- ensure inclusion and cultural appropriateness in all activities and communications with local communities.
- communicate transparently and document all interactions with local communities.
- introduce a policy to protect and preserve the culture of indigenous peoples.
- promote the mutual exchange of skills and knowledge with indigenous peoples.

Protection of human rights activists
The minimum requirements for partners to protect human rights activists provide a clear framework for action. If potential risks for human rights activists arise in connection with the value creation processes of the partner's products or services, the partner must oppose any form of intimidation, threats, defamation and criminalization of human rights activists. In addition to the minimum requirements, the partner should:

- work towards the protection of human rights activists and declare its commitment to their protection in a publicly accessible document and also demand this from its subcontractors.
- engage in dialogue with human rights activists and seek constructive cooperation with them. The same naturally also applies to the Mercedes-Benz Group's own activities.

Water protection and quality
The minimum requirements for partners regarding water protection and quality include the following aspects. The partner must:

- use natural resources such as water consciously and as sparingly as possible in its procurement and in its own production processes.
- use efficient and technologically innovative solutions for the use of water in its product procurement and manufacturing processes.
- assess the environmental impact of discharges and soil disturbances to prevent contamination of surface or groundwater.
- take appropriate organizational and technical safeguards to ensure that its product procurement and manufacturing processes do not endanger fresh or sea water.

In addition, the partner should take precautions in regions affected by water scarcity in order not to further exacerbate the existing water stress and not to jeopardize access to clean and sufficient water for the population.

Targets

The Mercedes-Benz Group has set itself targets for the implementation of its human rights due diligence obligations. These were approved by the Board of Management of Mercedes-Benz Group AG. The requirements of internal and external stakeholders were also incorporated into the target-setting process. The targets are reviewed and updated annually.

Within its scope to influence upstream value chains, the Mercedes-Benz Group pursues the ambition to prevent negative impacts on affected communities through comprehensive due diligence. The targets with regard to the review of raw materials and services specified in the chapter Workers in the value chain also apply to the potential impacts described in this chapter, as the potential impacts in the value chain can also relate to affected communities.

Actions

In order to counteract potential violations of the human rights of affected communities and indigenous peoples, the Group has established comprehensive actions, which can be found in the chapter Workers in the value chain under Actions. These actions are intended to prevent and remedy negative impacts throughout the entire value chain, from the workforce to the local communities. They include the following systems and actions:

- the Human Rights Respect System,
- Supplier Compliance Risk Management,
- supplier screenings,
- audits and training, as well as
- the Raw Materials Report, which contains further information, and
- the Group's participation in industry associations.

Engagement with affected communities

The Mercedes-Benz Group uses various formats to enter into dialogue with its stakeholders. The interests of affected communities at locations along the value chain are taken into account in the further development of the HRRS and the review of the 24 raw materials identified as critical, just like the Workers in the value chain. The organizational anchoring and responsibility for this engagement can be found in the chapter Workers in the value chain under Policies and also apply to the involvement of the affected communities.

Since it is not always possible to contact the rights holders concerned directly, the Mercedes-Benz Group works with various stakeholders such as human rights organizations, non-governmental organizations, trade unions, universities, municipalities and community representatives. The Mercedes-Benz Group uses these consultations to review the most important risks and the appropriateness of the remediation to be taken.

The Mercedes-Benz Group is also involved in various industry and trade associations as well as initiatives and networks that address the issues of sustainability and human rights in the supply chain. These memberships help the Group to make complex supply chains more responsible through joint actions with regard to the human rights of workers and affected communities. These are described in more detail in the chapter Workers in the value chain under Actions.

Remediation of negative impacts and channels through which concerns can be raised

Communities and indigenous peoples who may be affected by locations along the Mercedes-Benz Group's value chain have the opportunity to report suspected human rights violations and demand remedy through various channels. These channels include the OECD's national contact points and the Mercedes-Benz Group's Whistleblower System BPO, which is described in the chapter Governance information under Corporate culture.

During the reporting period, the Mercedes-Benz Group was not aware of any incidents relating to serious human rights violations in connection with affected communities.

Consumers and end-users

Material impacts, risks and opportunities and their interaction with strategy and business model

The Mercedes-Benz Group has identified its material impacts, risks and opportunities related to consumers and end-users in accordance with the requirements of ESRS. These are described in the chapter General information under Identification of material impacts, risks and opportunities and presented in the table below.

The Mercedes-Benz Group is one of the world's leading automotive companies. With Mercedes-Benz AG, it is one of the largest providers of high-end cars and premium vans. Mercedes-Benz Mobility AG offers financing, leasing, vehicle subscriptions and rental, fleet management, digital services for charging and payment, insurance brokerage and mobility services.

The Mercedes-Benz Group is committed to shaping the future of mobility in a customer-focused and safe manner. It relies on innovative and green technologies as well as safe and high-quality vehicles. The ambition is to recognise the requirements of customers and to enable a safe customer experience.

Among other things, customer trust and the responsible handling of customer data form the basis for individual and digital products, services and offers for the Mercedes-Benz Group.

With the help of the Data Compliance Management System, the Mercedes-Benz Group implements its actions to comply with data protection requirements in a systematic and risk-based manner; further information on this is described in the chapter Governance information.

Safety is one of the brand values of Mercedes-Benz. Accident-free driving and a world without road deaths – this vision drives the Mercedes-Benz Group and is reflected in one of the focus areas of its sustainable business strategy. It is controlled by a holistic safety strategy. This is intended to ensure the safety of all road users.

In order to advance new technologies, the Mercedes-Benz Group works closely with external innovation drivers, start-ups and technology companies, among others. It is committed to the consistent development of efficient drive systems and is setting the course for a software-driven, all-electric future. The Group is working on the intelligent networking of its vehicles, autonomous driving and new mobility concepts.

The Mercedes-Benz Group is in the midst of a digital transformation from an automobile manufacturer to a software-driven company. The digital transformation and the disruptive development of digital technologies, products and services are increasing rapidly and leading to new regulatory developments.

In view of these developments, the fundamental value of trust in digital innovations becomes clear. The Mercedes-Benz Group prioritises this with its focus area Digital Trust.

Information on the analysis of the resilience of the Group's strategic sustainability focus areas with regard to material impacts, risks and opportunities can be found in the General information under Material impacts, risks and opportunities.

Consumers and end-users – material impacts, risks and opportunities	Direction of action	Time horizon	Localization	Value chain position
Customer in focus MB				
Impacts				
Development partnerships	positive	short-, medium- & long-term	global	VU OA
Single cases of impairment of personal rights	negative	short-, medium- & long-term	regional	OA
Opportunities				
Individualized and digital products, services and offers		short-, medium- & long-term	global	VD
Risks				
Cyberattacks		short-, medium- & long-term	global	VD
Traffic safety MB				
Impacts				
Contribution to overall traffic safety	positive	short-, medium- & long-term	global	VD
Reduced safety of vehicle users and other road users due to product defects	negative	short-term	regional	VD
Opportunities				
Traffic safety as brand/company Unique Selling Proposition (USP)		medium- & long-term	global	VD

VU = Value chain upstream
OA = Own business activity
VD = Value chain downstream
= actual
= potential
= ESRS compliant target filed
MB = company-specific

Customers in focus

Policies

The Mercedes-Benz Group is convinced that it can only be successful and profitable in the long term if it puts the preferences of its customers first. A customer-oriented product and service portfolio is therefore a fundamental requirement for the Mercedes-Benz Group. The Mercedes-Benz Group works closely with development partners to advance new technologies and the intelligent networking of its vehicles. It is also essential for the Group to build and maintain the trust of customers in digital products, services and offers.

Irrespective of the overall responsibility of the Board of Management of Mercedes-Benz Group AG, the individual Board members are responsible for implementing the policies and actions. The extent to which policies and actions are effective is monitored by the Mercedes-Benz Group on the basis of qualitative indicators, internal processes and external evaluations.

To ensure customer satisfaction, Mercedes-Benz Cars sets annual market-specific targets in relation to the level of customer satisfaction and the competitive position in the relevant market. The achievement of the market-specific targets is reviewed annually.

The overarching goal for Mercedes-Benz Cars in terms of customer satisfaction is to be number 1 in the premium segment[1] of the automotive industry. The competitive position is assessed annually using representative external studies such as J.D. Power. This ambition reflects the requirements of customers and the Mercedes-Benz brand.

Actions

Market research, trend analyses and surveys
The basis for the customer-oriented development and design of products and services are systematic and continuous market research studies that identify different requirements of customer segments and take country-specific characteristics into account.

Furthermore, market research studies are carried out on specific occasions, e.g., before and after the introduction of new series, products and services. Comprehensive annual competition studies enable comparisons of all purchase-relevant criteria and the analysis of reasons for not purchasing.

Additional customer feedback on satisfaction with products and services is collected continuously in order to take targeted actions to improve customer satisfaction and loyalty.

To detect quality defects at an early stage, all company car drivers of the Group regularly receive a survey about possible quality problems. The results are incorporated into product development and improvement.

In addition to product and service-related studies, customer satisfaction with the purchasing and service processes is recorded worldwide by authorised sales and service partners. Customers can also provide individual feedback. These studies are carried out continuously.

The Customer Care Center (CCC) in Maastricht also functions as a central brand platform for recording and resolving complaints, breakdowns and product-related inquiries. The Mercedes-Benz Group regularly measures customer loyalty using the Net Promoter Score (NPS). The NPS is anchored as a performance criterion in the bonus system for management and executives.

Development partnerships
The Mercedes-Benz Group is working with partners to further develop its vehicles in order to optimise the customer experience and implement new safety features. The effectiveness of this action is reflected, among other things, in the competitive position and the level of customer satisfaction. Further information can be found in the chapter Customers in focus under Policies. With its Orin system-on-a-chip, the company NVIDIA is providing the basis for powerful computers

1 Premium segment defines the relevant competitors used in the course of the studies to determine the annual position on customer satisfaction.

in the vehicles, enabling AI-supported driver assistance systems and advanced automation at a new level. Every vehicle built on the future Mercedes Modular Architecture (MMA) will be equipped with a high-performance computer powered by the Mercedes-Benz operating system (MB.OS).

MB.OS uses AI and machine learning, powered by the latest generation of chips and systems-on-a-chip (SoC). The system is supported by sophisticated sensors and the Mercedes-Benz Intelligent Cloud.

In addition, the partnership with Google enables the integration of the Google Maps platform, creating a navigation system with real-time traffic data, automatic adaptation of route planning to the traffic situation, automatic speed adjustment at intersections and curves as well as seamless user-friendliness, thus ensuring additional comfort and safety.

Together, these partnerships promote an innovative driving experience that sets new standards through intuitive operation, continuous updates and additional protection.

Customer data

In addition to market analyses and surveys, the marketing and sales organization of Mercedes-Benz AG evaluates anonymized user data in order to identify and generate customer-oriented products, services and offers. In order to offer customers a tailored customer experience, individualized and digital products, offers and services are to be made available in an integrated and smooth process.

Customer trust

For the Mercedes-Benz Group, customer trust and the responsible handling of customer data are the basis for digital products and services. This is anchored in the Mercedes-Benz Data Vision.

Responsible handling of data forms the basic framework of the Mercedes-Benz Data Vision. This basic framework is based on principles such as Transparency, Choice and Data Security. The Mercedes-Benz Data Vision thus supports all employees in the Group in their work with data by giving them direction – like an internal compass – and determining which aspects need to be considered when dealing with data.

In order to strengthen customer trust, the Mercedes-Benz Group informs its customers about the use of data and its selection.

The Mercedes-Benz Group has also included the Privacy Center in the Mercedes me App. It gives customers transparency and control over the use of their data. Further information on data compliance and how to deal with data breaches can be found in the chapter Governance information under Compliance with laws and regulations.

The Mercedes-Benz Group believes in the great potential of artificial intelligence (AI) and wants to foster AI innovation. At the same time, it is aware of the risks and uncertainties associated with AI. That is why the Mercedes-Benz Group developed four AI Principles for the responsible handling of AI back in 2019. The AI Principles are: Responsible Use, Explainability, Protection of Privacy, and Safety and Reliability. They have been anchored into the Group's Integrity Code and complement the Data Vision.

The information and actions of the Mercedes-Benz Group in connection with the risk of potential cyber-attacks resulting from the increasing digitalization and networking of the vehicles are presented in the Risk and Opportunity Report in the chapter Company-specific risks and opportunities under Information technology risks and opportunities.

Steering of the focus area Digital Trust
In order to promote synergies and to meet digital developments, the Mercedes-Benz Group further developed the focus area Data Responsibility into Digital Trust in the reporting year. Further information on this can be found in the chapter Governance information under Corporate culture.

With the ambition to build and maintain trust in digital products and services, the Mercedes-Benz Group will steer the key sustainability topic of Digital Trust in the future via the Digital Trust Index, which was newly developed in the reporting year.

Traffic Safety

Policies

Vehicle and environmental safety
Real-life safety is the central safety philosophy of the Mercedes-Benz Group. For decades, the Group's own systematic accident research, which is integrated into vehicle development, has been the basis for innovative, high-performance safety systems. The Group is continuously working on improving traffic safety and offering vehicles with more powerful assistance systems. This means that accidents can be avoided or their consequences reduced.

The Mercedes-Benz Group's holistic safety concept is divided into four phases:

- Assistance while driving: The Mercedes-Benz Group pursues the strategy of ensuring a high level of safety for all road users through preventive actions and comprehensive protection mechanisms. The focus is on actively supporting the driver, identifying dangers early and avoiding accidents. This includes various assistance systems that provide timely warnings and support the driver in driving the vehicle. In particular, the Active Brake Assist with pedestrian detection can help reduce accidents involving pedestrians and cyclists.
- Prepare for a possible accident: If an accident can no longer be avoided, actions can help to reduce the severity of the accident and to prepare the occupants for the impending impact. Technologies such as PRE-SAFE® ensure that these are initiated automatically. This includes, for example, pre-tensioning seat belts, closing the windows and sunroof or moving the front passenger seat to a more upright position.
- Protect in the event of an accident: The third phase aims to protect the occupants as best as possible during an accident. This is done by using safety systems such as airbags and seat belts to reduce the risk of injury.
- Help after an accident: After an accident, help must be provided quickly and effectively. Automatic emergency call systems should ensure that rescue services are informed very quickly.

Product safety
The Safety First Directive forms the basis for transparent and early identification of potential risks such as product defects that may reduce the safety of vehicle occupants and other road users. The directive regulates the process for dealing with issues with potential safety, regulatory, conformity or emissions relevance (SCE relevance) and supports the immediate initiation of necessary actions.

The decision-making process as to which issues are potentially relevant to SCE goes through different analysis phases and committees. The final decision is made by the Vehicle Regulatory Committee (VRC). The VRC is made up of Level 1 employees from the areas of development, after-sales, quality management, legal, certification and product safety. They decide on possible actions including recalls and/or warnings on safety, regulatory, conformity and emissions-relevant issues.

Responsible development of automated vehicles
Responsible development means, among other things, complying with laws, relevant technical and regulatory requirements and internal guidelines. These requirements are particularly extensive for automated driving.

For example, the implementation of traffic rules shall be integrated into the design of the system and these rules must be translated into software. Experts from development, product safety, certification, law and ethical issues work together on an equal footing right from the start to meet the requirement of offering all road users reliable and safe systems. Technical, legal, regulatory and ethical aspects are taken into account.

In addition to the safety of vehicle occupants, the Mercedes-Benz Group also always keeps social aspects and interests in mind.

With the Ethics by Design approach, the Mercedes-Benz Group integrates ethical aspects into its concepts from the start and into the entire product development process for automated driving. This approach is based on ethical principles, takes internal rules and regulations into account and is continuously being developed further. The internal rules and regulations include, for example, the data vision and the AI principles, which are applied to software requirements and the design of the hardware. These AI principles build on the principles of the Mercedes-Benz Group and are anchored in the Integrity Code.

In addition to its own policies and principles, the Group follows national and international guidelines and standards, e.g. guidelines from the Ethics Commission on Automated and Connected Driving (Federal Ministry of Transport and Digital Infrastructure).

The Mercedes-Benz Group supports the EU's Vision Zero with the aim of halving the number of road deaths and serious injuries by 2030 compared to 2020 and reducing the number of road deaths to zero by 2050.

Furthermore, the chapter Workers in the value chain under Policies explains the international standards to which the Mercedes-Benz Group is committed, including with regard to human rights along the value chain.

Actions

Accident research and crash tests
The basis for high-performance safety systems and better protection for vehicle occupants is systematic accident research that includes the study of real-life traffic accidents. Experts from the Mercedes-Benz Group therefore continuously investigate accidents in which a Mercedes-Benz vehicle was involved. In this way, the Group analyses how accidents occur and which safety systems could have prevented them.

The electrification of the vehicle fleet introduces new aspects in the field of accident research. Mercedes-Benz was the first automobile manufacturer in the world to publicly carry out an offset frontal crash of two electric vehicles.

The Mercedes-Benz Group also tests the crash safety of other vehicle models and subsystems using the latest testing technology in the Technology Center for Vehicle Safety (TFS) in Sindelfingen (Germany). Computer simulations also enable the Group to improve the maturity of the test vehicles and safety systems before the first crash test, thereby increasing development efficiency. Around 900 crash tests and around 1,700 sled tests can be carried out annually on the TFS crash test tracks.

Cooperations
The Mercedes-Benz Group relies on cooperation and participates in research projects to make road traffic safer. Together with external partners, the Group is working on standard procedures with which the potential of new protection systems can be predicted. Furthermore, it wants to work even more closely with existing and new partners in order to continuously improve and expand the collection of accident and traffic data. Since 2016, the Mercedes-Benz Group has been involved in the strategic cooperation project "Tech Center i-protect" between business, science and politics. Together with Robert Bosch GmbH, the Fraunhofer Institutes for High-Speed Dynamics and

Mechanics of Materials, the Freiburg Sustainability Center, the SimTech Cluster of Excellence at the University of Stuttgart and the Technical Universities of Dresden and Graz, it is researching safety solutions for vehicles. The aim of this interdisciplinary cooperation is to advance ideas and technologies from basic research to market-oriented application through the agile networking of various projects.

Technical Compliance Management System
The Mercedes-Benz Group uses a technical Compliance Management System (tCMS) to identify risks in the product development process at an early stage and to counter them preventively. The Group answers technical, legal, ethical, certification and safety-related questions, including those relating to automated driving at Mercedes-Benz Cars, using an integrated approach that is part of the tCMS. An interdisciplinary committee structure was set up for this purpose. The committees deal with the needs of all road users who interact with automated vehicles in road traffic, among other things. In this way, the Group wants to increase both the safety and acceptance of the products.

Responsible use of AI in relation to automated vehicles
The Mercedes-Benz Group is intensively addressing the potential negative impacts of bias in artificial intelligence on the safety of road users in automated vehicles.

In collaboration with a renowned scientific partner requirements and standards were defined . Based on these findings, an internal roadmap has been developed and approved. The Group has identified specific metrics that the company wants to use to test for bias. A key element of the action is working with partners in the field of object recognition in order to ensure that no bias is present. Particular focus is placed on collecting diverse and global data and developing metrics to detect bias.

Management of the focus area of traffic safety
In future, the Mercedes-Benz Group plans to manage the focus area of Traffic Safety via the Traffic Safety Index, which was newly developed in the reporting year. This is made up of four pillars, each of which is given equal weighting:

Pillar 1 includes actions related to the safety philosophy of the Mercedes-Benz AG – real-life safety. In addition, data on accidents worldwide is examined and real accidents from the vehicle fleet are analysed using systematic accident research at Mercedes-Benz AG.

Pillar 2 uses results from relevant vehicle safety ratings such as NCAP, IIHS and C-IASI.

Pillar 3 is about how customers perceive the safety concept and safety systems of Mercedes-Benz vehicles, as well as the communication of technology and innovations regarding vehicle safety.

Pillar 4 includes actions in the sense of social responsibility towards society. These include dialogue events with traffic safety experts, educational initiatives such as MobileKids and SAFE ROADS, and ethics as a criterion for relevant decisions on automated driving.

Involvement in committees and associations
With regard to automated driving, the Mercedes-Benz Group is a member of numerous international and national committees and associations. The Group is involved in establishing reliable legal frameworks, technical standards and ethical guidelines for the use of the new technology. The Mercedes-Benz Group is a member of the following initiatives, among others:

- In the Connected and Automated Driving working group of the German Association of the Automotive Industry (VDA), the Mercedes-Benz Group is participating in an ongoing interdisciplinary discourse on legal and certification-relevant aspects.
- Since 2023, Mercedes-Benz has been participating in the Round Table on Automated Driving convened by the Federal Ministry for Digital Affairs and Transport in the field of Safety and Risk under the coordination of the Institute of Control Engineering at Braunschweig Technical University.

Inclusion of consumers and end-users

Open dialogue

The Mercedes-Benz Group promotes open dialogue between business and consumer associations, politics, authorities, industry, science and civil society. Since 2015, the Group has therefore been using the Traffic Safety working group at the annual Sustainability Dialogue to exchange ideas on ethical, legal and social issues relating to automated driving and vehicle safety.

The working group meeting at the Sustainability Dialogue 2024 in Germany focused on the topic Help after an accident with focus on the Rescue Chain. For this purpose, the Mercedes-Benz Group invited various rescue workers to exchange ideas and discuss current challenges and possible solutions. In addition, the topic of traffic safety was also part of the Sustainability Dialogues in India and China in the reporting year. Furthermore, the Mercedes-Benz Group again carried out the SAFE ROADS initiative in India in the reporting year. More information on the Sustainability Dialogues can be found in the chapter Strategy under Interests and views of stakeholders.

Furthermore, the Mercedes-Benz Group regularly conducts market research, trend analyses and surveys in connection with their vehicles and services in order to understand the concerns and wishes of their customers. Information on this can be found in the section Customers in focus of this chapter.

Remediation of negative impacts and channels through which concerns can be raised

The Mercedes-Benz Group offers consumers and end-users a variety of channels to raise concerns, complaints and requests.

The Mercedes-Benz Customer Care Center Maastricht N.V. (CCC) acts as a central international platform for the concerns of Mercedes-Benz Group customers. It offers a wide range of services and support and plays a fundamental role in customer care worldwide. In addition, customers can also contact the authorized sales and service network directly if they have any concerns or complaints.

Furthermore, consumers and end-users have the opportunity to submit their requests 24 hours a day by phone, email or live chat to the Mercedes-Benz Group service centre or via the contact form on the Group's website.

The Mercedes-Benz Group's Whistleblower System BPO, which is explained in more detail in the chapter Governance information under Corporate culture, is also generally available to consumers and end-users of the Mercedes-Benz Group. Mercedes-Benz aims to critically examine every potential issue identified internally and externally. Every issue is processed as quickly as possible within the Mercedes-Benz organization.

During the reporting period, the Mercedes-Benz Group was not aware of any incidents relating to serious human rights violations in connection with consumers and end-users.

To ensure the safety and reliability of its vehicles, the Mercedes-Benz Group initiates recalls of its vehicles as soon as a safety risk is identified. Taking into account local regulatory and data protection provisions, vehicle owners are informed of necessary recalls. This takes place in close coordination with the responsible authorities.

Governance information

Material impacts, risks, and opportunities and their interaction with strategy and business model

The Mercedes-Benz Group has identified its material impacts, risks and opportunities in connection with corporate governance according to the requirements of the ESRS. These are described in the chapter General information under Identification of material impacts, risks and opportunities and presented in the table below.

The Mercedes-Benz Group is convinced that those who act ethically and legally responsibly will remain successful in the long term – this also applies in times of upheaval and change. Responsible corporate governance is the basis of the Mercedes-Benz Group's actions and an integral part of its sustainable business strategy. This firmly underpins the six focus areas confirmed in the reporting year. More information on the focus areas can be found in the chapter General information under Strategy, business model and value chain.

Integrity and compliance are very important to the Mercedes-Benz Group. Integrity is firmly anchored in the strategy and is a central element of the corporate culture. For the Group, this means complying with applicable laws, rules and regulatory requirements and aligning its actions with the Corporate Principles. This includes, in particular, fairness, diversity, respect, openness and transparency as well as responsibility for actions and decisions.

In the age of digitalization, the Mercedes-Benz Group emphasizes the importance of Digital Trust. In order to keep up with digital developments, the Mercedes-Benz Group further developed its focus area Data Responsibility into Digital Trust in the reporting year. Additional information on this can be found in the section Corporate culture in this chapter.

The Mercedes-Benz Group strives to counteract possible compliance risks that may arise from unethical behaviour. The Group sets various priorities in its compliance activities. These include combating corruption, maintaining and promoting fair competition and ensuring compliance with product requirements throughout the entire product life cycle.

The Mercedes-Benz Group follows the approach of responsible political advocacy. Therefore, transparency is a key factor in building trust. It is committed to its social responsibility, to respecting human and employee rights, and sees itself as a supporter of the social market economy and a rules-based international economic order.

Information on the analysis of the resilience of the Group's strategic sustainability focus areas with regard to the material impacts, risks and opportunities can be found in the chapter General information under Material impacts, risks and opportunities.

Business conduct – material impacts, risks and opportunities	Direction of action	Time horizon	Localization	Value chain position
Corporate culture				
Impacts				
Positive corporate culture through alignment with corporate principles	positive	short-, medium- & long-term	global	OA
Laws and regulations MB				
Risks				
Potential non-compliance with laws and regulations		short-, medium- & long-term	global	OA
Regulatory Investigations on Diesel Engines		short-, medium- & long-term	regional	OA
Money-laundering risks due to third party circumvention of sanctions (strawmen)		short-, medium- & long-term	regional	OA
Corruption and bribery				
Impacts				
Single cases of corruption and bribery	negative	short-, medium- & long-term	national	OA
Risks				
Alleged cases of corruption		short-, medium- & long-term	global	OA
Political influence and lobbying				
Impacts				
Promoting and accelerating the transition towards decarbonization through electrified vehicles	positive	medium- & long-term	national	VU OA VD
Deceleration of the transition towards decarbonization through electrified vehicles for economic reasons	negative	short-, medium- & long-term	national	VU OA VD

VU = Value chain upstream
OA = Own business activity
VD = Value chain downstream
= actual = potential = ESRS compliant target filed MB = company-specific

Corporate culture

Integrity Code and Corporate Principles

Integrity is the foundation of the corporate culture. The central requirements for integrity, compliance, and legal responsibility are anchored in the Group's own Integrity Code. The Integrity Code is binding for all employees of the Mercedes-Benz Group worldwide.

The central element of the Integrity Code are the five Corporate Principles:

1. The Mercedes-Benz Group strives to create sustainable value – economically, ecologically and socially.
2. The Mercedes-Benz Group acts responsibly and respects the rules.
3. The Mercedes-Benz Group addresses issues openly and stands for transparency.
4. Fairness and respect are the basis for cooperation at the Mercedes-Benz Group.
5. The Mercedes-Benz Group lives diversity.

Furthermore, the Integrity Code contains, among other things, regulations on the prevention of corruption, requirements for respecting and protecting human rights, requirements for the responsible handling of data and artificial intelligence, and compliance with technical product requirements.

Violations of the Integrity Code can be reported via the Mercedes-Benz Group's BPO whistleblower system. Further information on this can be found in this chapter under Reporting of legal and rule violations.

Further internal principles, policies and company agreements of the Mercedes-Benz Group are summarized in a database that is accessible to all Group companies and their employees. The policies are available in several languages.

The ten principles of the United Nations (UN) Global Compact serve as fundamental guidelines for the Mercedes-Benz Group's business activities. As a founding member, the Group is particularly committed to the UN Global Compact (UNGC). The Mercedes-Benz Group's internal principles and guidelines are based, among others, on these and other international principles, which can be found in the chapter Workers in the value chain under Policies.

Digital Trust

In the reporting year, the Mercedes-Benz Group further developed the focus area Data Responsibility into Digital Trust, thereby establishing it as one of the basic elements of the strategy. With Digital Trust, the Mercedes-Benz Group is meeting the complex challenges of the digital transformation and, among other things, is taking into account the increasing importance of trust in the digital age. The ambition is to build and maintain trust in digital products and services in order to enable competitive digital business. In the future, the Group will steer the focus area using an index newly developed in the reporting year.

People Principles

The People Principles create the basis for trusting leadership and corporate culture. They are the following eight principles:

- Agility: the ability to adapt quickly to changing circumstances and conditions – for example, to respond to competitive challenges.
- Empowerment: continuous development, taking responsibility and mutual trust.
- Co-Creation: creative collaboration across functions and departments.
- Driven to Win: the desire to strive for the best.
- Customer Orientation: to continually delight customers and offer convenience, speed, and the highest quality – long-term customer satisfaction.
- Purpose Driven: working on the basis of shared beliefs and a deeper meaning.
- Pioneering Spirit: promoting creativity and innovation.
- Learning: continuous development through active, appreciative feedback, and sharing of knowledge and experiences.

Based on these principles that apply across the Group, the divisions and departments can set their own priorities.

Leadership culture
Managers play a particularly important role in the transformation. More than ever, they must not only lead the Group successfully into the future, but also improve their own and their teams' qualifications and inspire enthusiasm for the technologies and innovations of the future. The Mercedes-Benz Group therefore supports its managers with further training programmes to integrate the principles mentioned above into their everyday work and to lead according to them. Managers therefore specifically address new challenges in terms of innovation, collaboration, sustainable development, and personal resilience in training courses. The Group has developed the digital development programme "Gear-up – Increase Your Leadership Impact" for this purpose. Another programme, "Shaping Future – Leading for Success", focuses on the topic of strategy implementation and shaping the transformation. The focus is primarily on the complex environment and the resulting challenges for leadership and management.

In order to continuously improve its leadership and corporate culture and to further develop the work culture in the transformation process, the Mercedes-Benz Group conducts a comprehensive survey of its employees worldwide every two years. This was most recently done in the year 2023. The survey is an important indicator of where the Group stands on various issues from the perspective of its employees – and where there is potential for improvement. With the help of the employee survey and other feedback options, the Group companies receive extensive feedback from employees. In addition, employees and managers have other feedback options available. 86% of all employees took part in the Group-wide employee survey in 2023. The survey showed that 77% of the respondents are satisfied or very satisfied with the Mercedes-Benz Group as an employer. Further information on the employee survey can be found in the chapter Own workforce under Employee representation and engaging with own workforce.

Integrity, training, and dialogue
The Mercedes-Benz Group trains its employees on compliance topics based on its Integrity Code. Employees receive specific training for their area of responsibility and role. For example, employees in administration have access to a web-based target-group-specific training programme that contains a mandatory basic module as well as specific modules for managers and expert modules on various compliance topics. The respective modules are automatically assigned to employees when they are newly hired or promoted or move to a function associated with higher risk. Employees must regularly complete the web-based training programme every three years, but it is voluntary for commercial employees.

The Mercedes-Benz Group regularly checks the training needs, which are determined through a demand survey, makes adjustments and extensions and carries out evaluations. To verify the acquired knowledge, the web-based training courses contain test and control questions that must be answered correctly in order to successfully complete the respective module.

The central web-based offering is supplemented by local training actions. With a wide range of central and local communication and training actions, the Mercedes-Benz Group sensitizes its employees throughout the Group and on a risk-based approach for issues such as competition law, antitrust law, and the prevention of corruption. The local compliance contacts and legal departments in the Group companies provide additional training courses.

In order to promote a corporate culture of integrity, the Mercedes-Benz Group also operates the Infopoint Integrity: It works with experts on legal and HR issues, data protection, compliance, diversity and sustainability, among others, and serves as a central point of contact for all employees of the Group with questions concerning ethical behaviour. It provides support itself or puts employees in touch with the right contact persons. The Integrity Network, which consists of representatives from the business units, works to embed integrity in everyday business and make it tangible for employees. The business units share insights into their respective integrity activities at regular network meetings.

The Mercedes-Benz Group works consistently on its understanding of integrity, continuously develops it and constantly reviews itself. The Mercedes-Benz Group monitors the extent to which policies and actions are effective using internal processes and employee feedback. In addition to the feedback from the Integrity Network, the employee survey is also an important indicator. The results of the previous employee survey in the year 2023 showed that the perception of the culture of integrity has improved since the last survey.

Organizational embedding

The topics of integrity, compliance and legal are bundled in the Integrity, Governance & Sustainability executive division of Mercedes-Benz Group AG. The division supports all areas of the Group in anchoring these topics in day-to-day business. The Integrity Management & Corporate Responsibility unit is located there and is committed to promoting, further developing and creating a common understanding of integrity at the Mercedes Benz Group. The aim is to encourage the business units to firmly establish integrity in their daily business activities. The head of the Integrity Management & Corporate Responsibility unit reports directly to the Board member of Integrity, Governance & Sustainability. The Group plans to reassess its integrity culture based on the next employee survey.

Compliance with laws and regulations

The Mercedes-Benz Group wants to counteract possible compliance risks and thus ensure the long-term success of the Group. With its own Compliance Management System (CMS), the Mercedes-Benz Group aims to promote compliance with laws and regulations and reduce associated risks. The corresponding actions are defined by the compliance organization together with the respective departments and shall take business requirements into account in an appropriate manner. The main focus of compliance activities is to combat corruption, maintain and promote fair competition and ensure compliance with product requirements throughout the entire product life cycle. This also includes respecting and upholding human rights, handling data responsibly, complying with sanctions requirements and preventing money laundering and terrorist financing.

The CMS includes basic principles and measures to promote compliant behaviour and is used worldwide. It consists of seven elements that build on each other:

- Compliance values
- Compliance objectives
- Compliance organization
- Compliance risks
- Compliance programme
- Training
- Monitoring and improvement

The Mercedes-Benz Group uses the compliance risk assessment to systematically review its Group companies and central departments in order to reduce compliance risks. To do this, it draws on a wide range of data on the Group companies, such as revenue, business models and relationships with business partners. Where necessary owing to new legal requirements or to changed risks, the Mercedes-Benz Group adapts the CMS.

The compliance programme includes principles and measures to counteract violations of laws and regulations and reduce compliance risks. The individual measures are based on the findings of the Group's systematic compliance risk assessment. The Mercedes-Benz Group focuses on the following areas, among others: continuous awareness of compliance and preventive training measures, consistent follow-up of indications of misconduct and the formulation of clear

requirements for the behaviour of business partners. The management of the respective company is primarily responsible for implementing the measures of the compliance programme. It also has supervisory responsibility. Management works closely with the specialist departments of the Integrity, Governance & Sustainability executive division of Mercedes-Benz Group AG. A risk-based network of local compliance contacts supports the management of the Group companies in implementing the compliance programme.

The Mercedes-Benz Group regularly reviews the processes and measures of the CMS and analyses whether the measures are appropriate and effective. For this purpose, it monitors its processes using internal performance indicators. To determine these, the Mercedes-Benz Group reviews, among other things, compliance with formal requirements and the completeness of the content. In doing so, it also takes into account the findings from internal and independent external audits. If necessary, the Mercedes-Benz Group adapts the CMS. The responsible management bodies are informed of the monitoring results.

In order to obtain an independent, external assessment of the compliance programme, Mercedes-Benz Group AG commissioned KPMG AG Wirtschaftsprüfungsgesellschaft to audit the Group's own CMS for anti-corruption, antitrust and technical compliance in accordance with the Institute of Public Auditors' audit standard 980. The audits, which were designed to assess appropriateness, implementation and effectiveness, were successfully completed at the end of 2019 for the CMS Anti-Corruption, for the tCMS (focus on emissions) in late 2020 and at the end of 2021 for the CMS Antitrust.

Data Compliance
The Mercedes-Benz Group's Data CMS supports the Group in implementing its actions to comply with data protection requirements in a systematic and risk-based manner. It takes into account the applicable data protection regulations. For Group companies in the EU, the General Data Protection Regulation (GDPR) is particularly relevant; for companies outside the EU, the internal global standards for data protection and the respective local data protection laws form the basis.

Dealing with data breaches
The Mercedes-Benz Group has established a central reporting process for handling data protection incidents. Data breaches can be reported worldwide around the clock by phone or email. Employees and contractors are required to report all potential data breaches. The Chief Officer Corporate Data Protection – or the chief officer´s team – is also available as a point of contact for customers with data protection concerns. The contact details are publicly available. In Group units subject to the GDPR, Corporate Data Protection is responsible for following up on reports of data protection incidents. It is assisted by a local Incident Support unit to clarify the facts on site. In Group units not subject to the GDPR, local Incident Support takes over further processing. The results must be made available to Corporate Data Protection for documentation purposes.

Antitrust Compliance
The Group-wide Antitrust Compliance Programme is based on national and international standards to ensure fair competition. It includes a globally valid Group standard that defines how antitrust issues are to be assessed. In addition to the central legal and compliance department of the Mercedes-Benz Group AG, local legal and compliance advice is also available to the global divisions. Employees receive additional support through individual advice, guides and toolkits.

Prevention of money laundering and terrorist financing
The Mercedes-Benz Group defines the prevention and combating of money laundering and terrorist financing as a central compliance requirement in its Integrity Code. The Group has established a two-pillar model (goods trade and mobility services), which is intended to take into account the different regulatory requirements in the area of goods trade on the one hand and the area of financial services on the other. In an integrated compliance approach, applicable sanctions lists and goods-related restrictions are checked as part of anti-money laundering customer checks (KYC – Know Your Customer), and actions are taken to prevent money laundering and terrorist financing. This is intended to prevent supranational and national sanctions and goods-related embargoes from being violated

or circumvented. The objective is to combat activities by third parties that give rise to suspicion of money laundering, terrorist financing, organized crime and other economic crime.

Trade Compliance – Export Control and Sanctions Compliance

In its central Trade Compliance department, Mercedes-Benz Group AG has brought together the Center of Competence for Export Control and Sanctions Compliance. The aim is to ensure that applicable export restrictions and economic and financial sanctions related to people and goods are complied with in a dynamic environment. In doing so, it takes into account both applicable supranational sanctions lists and embargoes, such as those of the UN or the EU, as well as national sanctions lists. Business with persons, companies and organizations on sanctions lists is prohibited.

The Group-wide policies on export control and sanctions compliance define suitable actions and processes for complying with goods-related restrictions and applicable sanctions regulations, including their systematic review. The Mercedes-Benz Group continuously analyses and evaluates the extent to which further actions are necessary to minimize risk and continuously develops these methods and processes.

Risks from legal proceedings related to diesel exhaust gas emissions – governmental proceedings

The information and actions pertaining to risks from legal and regulatory proceedings relating to diesel exhaust gas emissions can be found in the Risk and opportunity report in the chapter Legal and tax risks and opportunities under Risks from legal proceedings related to diesel exhaust gas emissions – governmental proceedings.

Social Compliance

The Mercedes-Benz Group's Social Compliance Management System, which addresses employee rights in a systematic and risk-based manner, is described in the chapter Own workforce under Other work-related rights, Actions.

Regulations on equal pay

The Mercedes-Benz Group remunerates work performed in all companies worldwide according to the same principles and pays all employees adequate wages in accordance with applicable reference values. Policies and actions for remuneration and equal pay are explained in the chapter Own workforce under Remuneration and benefits.

Prevention and detection of corruption and bribery

As a founding member of the United Nations (UN) Global Compact, the Mercedes-Benz Group actively contributes to ensuring both the Group and its business partners act in accordance with the principles of the UN Global Compact. The Group performs its duties in compliance with the applicable laws, regulations and its corporate principles. This also includes the OECD Convention on Combating Bribery of Foreign Public Officials (1997) and the UN Convention against Corruption (2003).

The Mercedes-Benz Group's corruption prevention programme is based on its CMS. An important component is the annual integrated compliance risk assessment. When assessing potential risks, the Group takes into account both internal information, such as a unit's business model, and external information, such as Transparency International's Corruption Perceptions Index. The CMS and the compliance risk assessment are described in the Compliance with laws and regulations section of this chapter.

Increased corruption risks arise primarily in connection with sales activities in high-risk countries. In these areas, the Mercedes-Benz Group implements targeted actions to minimize the risks.

Employees (full-time and part-time) in administration of Mercedes-Benz Group AG and consolidated companies must typically complete a web-based training course every three years. The basic training is grounded on the Integrity Code and, in addition to the topic of integrity, also includes compliance topics such as corruption prevention. When new employees join the Mercedes-Benz Group, the training is automatically assigned as mandatory. The percentage of employees who have been assigned the training since the last roll-out in 2023 and who have successfully completed it is 99% in total (as of 31 December 2024). A total completion rate of 100% cannot be achieved because the training is continuously assigned to newly onboarded employees, and therefore, the training period had not expired for all learners by 31 December 2024.

When selecting direct sales partners as well as for existing sales partners, the Mercedes-Benz Group checks the partners' compliance with laws and ethical principles. New sales partners are subjected to an examination in the Sales Business Partner Due Diligence Process. Successful completion of this is a prerequisite for cooperation. The risk-based check takes into account, among other things, the planned business model, the country risk and the involvement of third parties and government contacts. With the risk-based application of a dynamic questionnaire, further risks are identified. During cooperation with the sales partners, the Mercedes-Benz Group reviews the existing due diligences as needed or cyclically at appropriate intervals – depending on the risk identified. In permanent monitoring, the existing sales partners are continuously checked against relevant databases and valid sanctions lists.

All suspected cases of corruption should be reported via the Whistleblower System BPO. The investigation of and response to potential corruption allegations are carried out in accordance with the process described in the Reporting of legal and rule violations section of this chapter.

In the reporting year, there were no convictions for violations of corruption and bribery regulations and no related fines in the Mercedes-Benz Group.

Compliance organization

In organizational terms, the compliance organization is structured functionally, regionally, and along the value chain. Both functional and regional contacts are available, supported by a global network of local managers. Management monitors compliance and works closely with the Integrity, Governance & Sustainability specialist departments. The Chief Compliance Officer (CCO) reports directly to the Board member of Integrity, Governance & Sustainability of Mercedes-Benz Group AG and to the Audit Committee of the Supervisory Board. Regular reports on the status and further development of the CMS ensure transparency and promote continuous remediation of the system.

Reporting of legal and rule violations

The Whistleblower System BPO (Business & People Protection Office) enables employees and external whistleblowers worldwide to report rule violations. It accepts reports around the clock, which can be sent by mail or via a protected reporting channel. In Brazil, Japan, South Africa and the United States, external toll-free hotlines are also available. In Germany, whistleblowers have additional contact points such as an external neutral intermediary and other external reporting channels (for example the external federal reporting office at the Federal Office of Justice, the BaFin whistleblower office and the whistleblower system of the Federal Cartel Office). Reports can also be submitted anonymously, if permitted by local laws. By reporting to the Whistleblower System BPO, the Mercedes-Benz Group is made aware of possible risks and can avert damage to the Group, its employees and third parties, as well as protect people harmed by misconduct. A globally applicable Group policy regulates the procedure and the corresponding responsibilities. The Whistleblower System BPO thus ensures a transparent and fair procedure that takes into account both the protection of the whistleblower and the principle of proportionality for the persons affected by the allegation. The Group policy also sets out the standard by which the Mercedes-Benz Group assesses violations of the rules and decides on consequences.

The Whistleblower System BPO carries out a risk-based initial assessment for each new tip, taking into account the four-eyes principle. If the Whistleblower System BPO classifies a tip-off as a rule violation with a high risk for the Mercedes-Benz Group, its employees or other persons, it issues a specific investigation order to the relevant investigation unit. The Whistleblower System BPO accompanies further processing until the proceeding is concluded. Rule violations with high risks include, for example, corruption and money laundering offences, antitrust violations, serious violations in connection with technical specifications and/or technical safety, violations of environmental regulations and personal matters, e.g. sexual harassment or human rights violations. In the case of criminal offences, the Mercedes-Benz Group reserves the right to file criminal charges. The Mercedes-Benz Group cooperates fully with the authorities in this regard.

The Whistleblower System BPO passes on information on all other violations with risk to the responsible departments. This department follows up on the information and investigates it independently. This includes, for example, violations of policies and guidelines, theft, fraud or undue enrichment with a value of less than €100,000. The anonymity of the whistleblower is also guaranteed here.

The Whistleblower System BPO accompanies the processing of reports until the proceedings are concluded, ensuring confidentiality and, if desired, anonymity if permitted by local laws. The Whistleblower System BPO complies with applicable EU legislation. Whistleblowers who could be disadvantaged by their report and third parties who are associated with the whistleblower and who could suffer reprisals in a professional context as a result of the report can contact the Whistleblower System BPO. Discrimination or intimidation will be punished with employment law actions, taking into account applicable law.

In order to continually increase trust in the Whistleblower System BPO and make it better known among employees, the Mercedes-Benz Group provides extensive information materials in various languages through various communication actions. In addition, it regularly informs employees about the type and number of reported violations and provides anonymized case studies on a quarterly basis. Furthermore, the Whistleblower System BPO comes into contact with employees through a variety of formats such as dialogue events, roadshows, presentations and training courses in order to promote direct exchange and further strengthen trust in the whistleblower system. The Mercedes-Benz Group checks the effectiveness of the actions every two years as part of the global employee survey by asking specific questions about awareness of and trust in the Whistleblower System BPO.

Political influence and the representation of interests

The External Affairs department is the central coordination point for responsible political advocacy at the Mercedes-Benz Group. The Mercedes-Benz Group seeks dialogue with representatives of governments, policy and authorities at its locations worldwide. External Affairs falls under the responsibility of the Chairman of the Board of Management of Mercedes-Benz Group AG. In addition, the department's activities and analyses are a regular part of the reports of the Board of Management of Mercedes-Benz Group AG to its Supervisory Board. The Head of the External Affairs department is a permanent member of the Group Sustainability Committee (GSC) and supports the committee's work on political issues. External Affairs also closely coordinates with the Board of Management of Mercedes-Benz Group AG and specialist departments on issues relating political advocacy. To this end, the department organizes, among others, the meetings of the Governmental Affairs Committees for various executive divisions and specialist departments. The meetings take place several times a year and on an ad hoc basis. There is an exchange with the Advisory Board for Integrity and Sustainability on a topic-related basis.

The following administrative, management and supervisory bodies which are responsible for overseeing political representation of interests at the Mercedes-Benz Group were audited with regard to the employment of individuals who held a comparable position in public administration in the two years prior to their appointment: Supervisory and Board of Management of Mercedes-Benz Group AG, Advisory Board for Integrity and Sustainability, Group Sustainability Committee, External Affairs. The audit reassured that the Group employs two individuals in the External Affairs department who held a report-relevant position in public administration up to 2 years prior to their employment at the Mercedes-Benz Group.

The relevant information on the political representation of interests of the Mercedes-Benz Group is entered in the EU Transparency Register (registration number: 2349218828-41), in the German Lobby Register (registration number: R002034) and in the Transparency Register of the State Parliament of Baden-Württemberg.

The responsible handling of contributions to political recipients is regulated in internal policies at the Mercedes-Benz Group. These stipulate that any contributions to political recipients over €50,000 require approval by the Board of Management of the Mercedes-Benz Group AG. Regardless of the amount, contributions to political recipients require approval from the External Affairs department. Employees can find the relevant policies in the policies database on the Mercedes-Benz Group AG intranet.

The Mercedes-Benz Group made no monetary or non-monetary contributions to political parties during the reporting period. This decision was made independently of current political or economic events. Donations and sponsorships through which political influence is possible are listed in the following table. Donations in kind were monetized; they are included in the amounts shown for donations and sponsorships.

Donations and sponsorships with possible political influence

	2024
in €	
Donations	**1,275,188**
Europe	1,272,852
North America	0
Asia	2,336
Other markets	0
Sponsorships	**700,473**
Europe	374,881
North America	192,771
Asia	90,118
Other markets	42,703

Topics of political advocacy

The Mercedes-Benz Group pursues transparent political advocacy and is a reliable advisor to political decision-makers.

Through its political advocacy, the Group is helping to promote and accelerate the transformation towards decarbonization through electrified vehicles. This includes, for example, the commitment to expanding the charging infrastructure, which is crucial for customer acceptance of electrified vehicles.

However, if the business fundamentals of the Mercedes-Benz Group are affected by external factors, the Group will also, for example, advocate for a more flexible time frame for achieving the CO_2 fleet targets and tax benefits regarding plug-in hybrids.

List of disclosure requirements

The following index shows where in the Sustainability Statement the disclosure requirements according to ESRS 2 and the thematic standards, determined on the basis of double materiality are set out. It also shows where information relating to a specific disclosure requirement, which is fulfilled by reference, can be found outside the Sustainability Statement. This information, provided by reference, is thus an integral part of the Sustainability Statement.

Disclosure requirement		Reference
ESRS 2 General disclosures		
BP-1	General basis for preparation of the sustainability statement	Sustainability Statement > General information > Basis for preparation > General basis
BP-2	Disclosures in relation to specific circumstances	Sustainability Statement > General information > Basis for preparation > Disclosures in relation to specific circumstances
GOV-1	The role of the administrative, management and supervisory bodies	Sustainability Statement > General information > Governance > The role of the administrative, management and supervisory bodies Sustainability Statement > General information > Governance > Composition of the Board of Management and the Supervisory Board
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Sustainability Statement > General information > Governance > Roles and responsibilities of the Board of Management and the Supervisory Board and addressed sustainability matters
GOV-3	Integration of sustainability-related performance in incentive schemes	Sustainability Statement > General information > Governance > Integration of sustainability-related performance in incentive schemes Remuneration report > Remuneration components of the Board of Management in financial year 2024
GOV-4	Statement on due diligence	Sustainability Statement > General information > Basis for preparation > Statement on due diligence
GOV-5	Risk management and internal controls over sustainability reporting	Sustainability Statement > General information > Governance > Internal controls and risks over sustainability reporting
SBM-1	Strategy, business model and value chain	Sustainability Statement > General information > Strategy > Strategy, business model and value chain Corporate Profile > Business model > Overview
SBM-2	Interests and views of stakeholders	Sustainability Statement > General information > Strategy > Interests and views of stakeholders

Disclosure requirement		**Reference**
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Statement > General information > Strategy > Material impacts, risks and opportunities (IROs) Sustainability Statement > Environmental information > Climate change > Material impacts, risks and opportunities and their interaction with strategy and business model Sustainability Statement > Environmental information > Pollution > Material impacts, risks and opportunities and their interaction with strategy and business model Sustainability Statement > Environmental information > Water and marine resources > Material impacts, risks and opportunities and their interaction with strategy and business model Sustainability Statement > Environmental information > Biodiversity and ecosystems > Material impacts, risks and opportunities and their interaction with strategy and business model Sustainability Statement > Environmental information > Resource use and circular economy > Material impacts, risks and opportunities and their interaction with strategy and business model Sustainability Statement > Social information > Own Workforce > Material impacts, risks and opportunities and their interaction with strategy and business model Sustainability Statement > Social information > Workers in the value chain > Material impacts, risks and opportunities and their interaction with strategy and business model Sustainability Statement > Social information > Affected Communities > Material impacts, risks and opportunities and their interaction with strategy and business model Sustainability Statement > Social information > Consumers and end-users > Material impacts, risks and opportunities and their interaction with strategy and business model Sustainability Statement > Governance information > Material impacts, risks and opportunities and their interaction with strategy and business model
IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Sustainability Statement > General information > Identification of material impacts, risks and opportunities
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Sustainability Statement > Appendix (IRO-2 Index) > List of disclosure requirements
Environmental information, ESRS E1 – Climate Change		
ESRS 2, GOV-3	Integration of sustainability-related performance in incentive schemes	Remuneration report > Remuneration components of the Board of Management in financial year 2024
E1-1	Transition plan for climate change mitigation	Sustainability Statement > Environmental information > Climate change > Transition plan for climate change mitigation
ESRS 2, SBM-3	Impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Statement > Environmental information > Climate change > Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2, IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Sustainability Statement > General information > Identification of material impacts, risks and opportunities > Special considerations for Identification of material climate-related impacts, risks and opportunities
E1-2	Policies related to climate change mitigation and adaptation	Sustainability Statement > Environmental information > Climate change > Climate change mitigation in the upstream value chain > Policies Sustainability Statement > Environmental information > Climate change > Climate change mitigation in own business activities > Policies Sustainability Statement > Environmental information > Climate change > Climate change mitigation in the downstream value chain > Policies

Disclosure requirement		Reference
E1-3	Actions and resources in relation to climate change policies	Sustainability Statement > Environmental information > Climate change > Climate change mitigation in the upstream value chain > Actions Sustainability Statement > Environmental information > Climate change > Climate change mitigation in own business activities > Actions Sustainability Statement > Environmental information > Climate change > Climate change mitigation in the downstream value chain > Actions
E1-4	Targets related to climate change mitigation and adaptation	Sustainability Statement > Environmental information > Climate change > Targets
E1-5	Energy consumption and mix	Sustainability Statement > Environmental information > Climate change > Metrics > Energy consumption
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Sustainability Statement > Environmental information > Climate change > Metrics > Total GHG emissions
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Sustainability Statement > Environmental information > Climate change > Metrics > CO2 compensation and removals
E1-8	Internal carbon pricing	Sustainability Statement > Environmental information > Climate change > Metrics > Internal carbon pricing
Environmental information, ESRS E2 – Pollution		
ESRS 2, IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Sustainability Statement > General information > Identification of material impacts, risks and opportunities
E2-1	Policies related to pollution	Sustainability Statement > Environmental information > Pollution > Policies
E2-2	Actions and resources related to pollution	Sustainability Statement > Environmental information > Pollution > Actions
E2-4	Pollution of air, water and soil	Sustainability Statement > Environmental information > Pollution > Metrics > Emissions to air
Environmental information, ESRS E3 – Water and marine resources		
ESRS 2, IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Sustainability Statement > General information > Identification of material impacts, risks and opportunities
E3-1	Policies related to water and marine resources	Sustainability Statement > Environmental information > Water and marine resources > Policies
E3-2	Actions and resources related to water and marine resources	Sustainability Statement > Environmental information > Water and marine resources > Actions
E3-3	Targets related to water and marine resources	Sustainability Statement > Environmental information > Water and marine resources > Targets
E3-4	Water consumption	Sustainability Statement > Environmental information > Water and marine resources > Metrics > Water consumption
Environmental information, ESRS E4 – Biodiversity and ecosystems		
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Sustainability Statement > Environmental information > Biodiversity and ecosystems > Consideration of biodiversity and ecosystems in strategy and business model
ESRS 2, SBM-3	Impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Statement > Environmental information > Biodiversity and ecosystems > Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2, IRO-1	Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	Sustainability Statement > General information > Identification of material impacts, risks and opportunities > Special considerations for Identification of material biodiversity-related impacts, risks and opportunities
E4-2	Policies related to biodiversity and ecosystems	Sustainability Statement > Environmental information > Biodiversity and ecosystems > Policies
E4-3	Actions and resources related to biodiversity and ecosystems	Sustainability Statement > Environmental information > Biodiversity and ecosystems > Actions

Disclosure requirement		Reference
Environmental information, ESRS E5 – Resource use and circular economy		
ESRS 2, IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Sustainability Statement > General information > Identification of material impacts, risks and opportunities
E5-1	Policies related to resource use and circular economy	Sustainability Statement > Environmental information > Resource use and circular economy > Policies
E5-2	Actions and resources related to resource use and circular economy	Sustainability Statement > Environmental information > Resource use and circular economy > Actions
E5-3	Targets related to resource use and circular economy	Sustainability Statement > Environmental information > Resource use and circular economy > Targets
E5-4	Resource inflows	Sustainability Statement > Environmental information > Resource use and circular economy >Metrics > Resource inflows
E5-5	Resource outflows	Sustainability Statement > Environmental information > Resource use and circular economy > Metrics > Quantities of waste
Social information, ESRS S1 – Own Workforce		
ESRS 2, SBM-2	Interests and views of stakeholders	Sustainability Statement > General information > Strategy > Interests and views of stakeholders
ESRS 2, SBM-3	Impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Statement > Social information > Own workforce > Material impacts, risks and opportunities and their interaction with strategy and business model
S1-1	Policies related to own workforce	Sustainability Statement > Social information > Own Workforce > Personnel strategy Sustainability Statement > Social information > Own Workforce > Working conditions > Responsible transformation > Policies Sustainability Statement > Social information > Own Workforce > Working conditions > Training and further qualification > Policies Sustainability Statement > Social information > Own Workforce > Policies Sustainability Statement > Social information > Own Workforce > Working conditions > Remuneration and benefits > Policies Sustainability Statement > Social information > Own Workforce > Working conditions > Balancing profession and private life > Policies Sustainability Statement > Social information > Own Workforce > Working conditions > Occupational health and safety > Policies Sustainability Statement > Social information > Own Workforce > Equal treatment and opportunities for all > Policies Sustainability Statement > Social information > Own Workforce > Other work-related rights > Policies
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Sustainability Statement > Social information > Own Workforce > Engaging with own workers > Policies
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Sustainability Statement > Social information > Own Workforce > Remediation of negative impacts and channels for own workforce to raise concerns

Disclosure requirement		Reference
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Sustainability Statement > Social information > Own Workforce > Working conditions > Responsible transformation > Actions Corporate Profile > Important events Sustainability Statement > Social information > Own Workforce > Working conditions > Training and further qualification > Actions Sustainability Statement > Social information > Own Workforce > Actions Sustainability Statement > Social information > Own Workforce > Working conditions > Remuneration and benefits > Actions Sustainability Statement > Social information > Own Workforce > Working conditions > Balancing profession and private life > Actions Sustainability Statement > Social information > Own Workforce > Working conditions > Occupational health and safety > Actions Sustainability Statement > Social information > Own Workforce > Equal treatment and opportunities for all > Actions Sustainability Statement > Social information > Own Workforce > Other work-related rights > Actions
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability Statement > Social information > Own Workforce > Personnel strategy > Targets Sustainability Statement > Social information > Own Workforce > Working conditions > Training and further qualification > Targets Sustainability Statement > Social information > Own Workforce > Working conditions > Balancing profession and private life > Targets Sustainability Statement > Social information > Own Workforce > Working conditions > Occupational health and safety > Targets Sustainability Statement > Social information > Own Workforce > Equal treatment and opportunities for all > Targets
S1-6	Characteristics of the undertaking's employees	Sustainability Statement > Social information > Own Workforce > Personnel strategy > Characteristics of the employees of the Mercedes-Benz Group
S1-8	Collective bargaining coverage and social dialogue	Sustainability Statement > Social information > Own Workforce > Engaging with own workers
S1-9	Diversity metrics	Sustainability Statement > Social information > Own Workforce > Working conditions > Equal treatment and opportunities for all > Metrics
S1-10	Adequate wages	Sustainability Statement > Social information > Own Workforce > Working conditions > Remuneration and benefits > Metrics > Adequate wages
S1-14	Health and safety metrics	Sustainability Statement > Social information > Own Workforce > Working conditions > Occupational health and safety > Metrics
S1-16	Compensation metrics (pay gap and total compensation)	Sustainability Statement > Social information > Own Workforce > Working conditions > Remuneration and benefits > Metrics
S1-17	Incidents, complaints and severe human rights impacts	Sustainability Statement > Social information > Own Workforce > Working conditions > Other work-related rights > Incidents, complaints and severe human rights impacts

Disclosure requirement		Reference
Social information, ESRS S2 – Workers in the value chain		
ESRS 2, SBM-2	Interests and views of stakeholders	Sustainability Statement > General information > Strategy > Interests and views of stakeholders
ESRS 2, SBM-3	Impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Statement > Social information > Workers in the value chain > Material impacts, risks and opportunities and their interaction with strategy and business model
S2-1	Policies related to value chain workers	Sustainability Statement > Social information > Workers in the value chain > Policies
S2-2	Processes for engaging with value chain workers about impacts	Sustainability Statement > Social information > Workers in the value chain > Engaging with own workers
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Sustainability Statement > Social information > Workers in the value chain > Remediation of negative impacts and channels for workers in the value chain to raise concerns
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	Sustainability Statement > Social information > Workers in the value chain > Action
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability Statement > Social information > Workers in the value chain > Targets
Social information, ESRS S3 – Affected communities		
ESRS 2, SBM-2	Interests and views of stakeholders	Sustainability Statement > General information > Strategy > Interests and views of stakeholders
ESRS 2, SBM-3	Impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Statement > Social information > Affected Communities > Material impacts, risks and opportunities and their interaction with strategy and business model
S3-1	Policies related to affected communities	Sustainability Statement > Social information > Affected Communities > Policies
S3-2	Processes for engaging with affected communities about impacts	Sustainability Statement > Social information > Affected Communities > Engaging with own workers
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	Sustainability Statement > Social information > Affected Communities > Remediation of negative impacts and channels for workers in the value chain to raise concerns
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Sustainability Statement > Social information > Affected Communities > Action
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability Statement > Social information > Affected Communities > Targets
Social information, ESRS S4 – Consumers and end-users		
ESRS 2, SBM-2	Interests and views of stakeholders	Sustainability Statement > General information > Strategy > Interests and views of stakeholders
ESRS 2, SBM-3	Impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Statement > Social information > Consumers and end-users > Material impacts, risks and opportunities and their interaction with strategy and business model

Disclosure requirement		**Reference**
S4-1	Policies related to consumers and end-users	Sustainability Statement > Social information > Consumers and end-users > Customers in focus > Policies Traffic safety > Policies
S4-2	Processes for engaging with consumers and end-users about impacts	Sustainability Statement > Social information > Consumers and end-users > Engaging with own workers
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Sustainability Statement > Social information > Consumers and end-users > Remediation of negative impacts and channels for workers in the value chain to raise concerns
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Sustainability Statement > Social information > Consumers and end-users > Customers in focus > Action Risk and Opportunity Report > Risks and opportunities > Company-specific risks and opportunities > Information technology risks and opportunities Sustainability Statement > Social information > Consumers and end-users > Traffic Safety > Action
Governance information, ESRS G1 – Business conduct		
ESRS 2, GOV-1	The role of the administrative, management and supervisory bodies	Sustainability Statement > General information > Governance > The role of the administrative, management and supervisory bodies
ESRS 2, IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Sustainability Statement > General information > Identification of material impacts, risks and opportunities
G1-1	Corporate culture and business conduct policies and corporate culture	Sustainability Statement > Governance information > Corporate culture
Company-specific	Compliance with laws and regulations	Sustainability Statement > Governance information > Compliance with laws and regulations Risk and Opportunity Report > Risks and opportunities > Legal and tax risks and opportunities > Risks from legal proceedings in connection with diesel exhaust gas emissions – governmental proceedings
G1-3	Prevention and detection of corruption and bribery	Sustainability Statement > Governance information > Prevention and detection of corruption and bribery
G1-4	Confirmed incidents of corruption or bribery	Sustainability Statement > Governance information > Prevention and detection of corruption and bribery
G1-5	Political influence and lobbying activities	Sustainability Statement > Governance information > Political influence and lobbying activities

List of data points that derive from other EU legislation

The table below contains all data points derived from other EU regulations as listed in ESRS 2 Annex B, indicating where the data points can be found in the report and which data points have been classified as "not material" or "not applicable" or where the "phase-in" option has been used.

Disclosure requirement		Data point	SFDR-reference[1]	Pillar-3-reference[2]	Benchmark-regulation-reference[3]	EU Climate Law-reference[4]	Reference in the report
ESRS 2, GOV-1	21(d)	Board's gender diversity paragraph	x		x		General information > Governance > Composition of the Board of Management and the Supervisory Board > Diversity of the Board of Management and the Supervisory Board
ESRS 2, GOV-1	21 (e)	Percentage of board members who are independent			x		General information > Governance Composition of the Board of Management and the Supervisory Board > Independence of the Supervisory Board
GOV-4	30	Statement on due diligence	x				General information > Basis for preparation > Statement on due diligence
SBM-1	40 (d) i.	Involvement in activities related to fossil fuel activities paragraph	x	x	x		Not applicable
SBM-1	40 (d) ii.	Involvement in activities related to chemical production paragraph	x		x		Not applicable
SBM-1	40 (d) iii.	Involvement in activities related to controversial weapons	x		x		Not applicable
SBM-1	40 (d) iv.	Involvement in activities related to cultivation and production of tobacco			x		Not applicable
E1-1	14	Transition plan to reach climate neutrality by 2050				x	Environmental information > Climate change > Transition plan for climate change mitigation
E1-1	16 (g)	Undertakings excluded from EU Paris-aligned Benchmarks		x	x		Environmental information > Climate change > Transition plan for climate change mitigation
E1-4	34	GHG emission reduction targets	x	x	x		Environmental information > Climate change > Targets
E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				Environmental information > Climate change > Metrics > Energy consumption
E1-5	37	Energy consumption and mix	x				Environmental information > Climate change > Metrics > Energy consumption
E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x				Environmental information > Climate change > Metrics > Energy consumption
E1-6	44	Gross Scopes 1, 2, 3 and Total GHG emissions	x	x	x		Environmental information > Climate change > Metrics > Total GHG emissions
E1-6	53-55	Gross GHG emissions intensity	x	x	x		Environmental information > Climate change > Metrics > Total GHG emissions
E1-7	56	GHG removals and carbon credits				x	Environmental information > Climate change > Metrics > CO2 compensation and removals

Footnotes are at the bottom of the table

Disclosure requirement		Data point	SFDR-reference[1]	Pillar-3-reference[2]	Benchmark-regulation-reference[3]	EU Climate Law-reference[4]	Reference in the report
E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk paragraph		x			Phase-In
E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph		x			Phase-In
E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Phase-In
E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Environmental information > Pollution > Metrics > Emissions to air
E3-1	9	Water and marine resources	x				Environmental information > Water and marine resources > Policies
E3-1	13	Dedicated policy paragraph	x				Not applicable
E3-1	14	Sustainable oceans and seas	x				Not material
E3-4	28 (c)	Total water recycled and reused	x				Environmental information > Water and marine resources > Metrics > Water consumption
E3-4	29	Total water consumption in m^3 per net revenue in own operations	x				Environmental information > Water and marine resources > Metrics > Water consumption
ESRS 2 SBM-3 E4	16 (a) i.	Activities negatively affecting biodiversity sensitive areas	x				Environmental information > Biodiversity and ecosystems > Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 SBM-3 E4	16 (b)	Material negative impacts with regards to land degradation, desertification or soil sealing have been identified	x				Environmental information > Biodiversity and ecosystems > Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 SBM-3 E4	16 (c)	Own operations affect threatened species	x				Environmental information > Biodiversity and ecosystems > Material impacts, risks and opportunities and their interaction with strategy and business model
E4-2	24 (b)	Sustainable land / agriculture practices or policies	x				Environmental information > Biodiversity and ecosystems > Policies
E4-2	24 (c)	Sustainable oceans / seas practices or policies	x				Not material
E4-2	24 (d)	Policies to address deforestation	x				Environmental information > Biodiversity and ecosystems > Policies > Supplier management and protection against illegal deforestation
E5-5	37 (d)	Non-recycled waste	x				Environmental information > Resource use and circular economy > Metrics > Quantities of waste

Footnotes are at the bottom of the table

Disclosure requirement		Data point	SFDR-reference[1]	Pillar-3-reference[2]	Benchmark-regulation-reference[3]	EU Climate Law-reference[4]	Reference in the report
E5-5	39	Hazardous waste and radioactive waste	x				Environmental information > Resource use and circular economy > Metrics > Quantities of waste
ESRS 2 SBM3 – S1	14 (f)	Risk of incidents of forced labour	x				Social information > Own Workforce >Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 SBM3 – S1	14 (g)	Risk of incidents of child labour	x				Social information > Own Workforce > Material impacts, risks and opportunities and their interaction with strategy and business model
S1-1	20	Human rights policy commitments	x				Social information > Own Workforce > Other work-related rights > Policies
S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x		Social information > Own Workforce > Other work-related rights > Policies
S1-1	22	Processes and measures for preventing trafficking in human beings	x				Not material
S1-1	23	Workplace accident prevention policy or management system	x				Social information > Own Workforce > Working conditions > Occupational health and safety > Policies
S1-3	32 (c)	Grievance/complaints handling mechanisms	x				Social information > Own Workforce > Remediation of negative impacts and channels for own workforce to raise concerns
S1-14	88 (b), (c)	Number of fatalities and number and rate of work-related accidents	x		x		Social information > Own Workforce > Working conditions > Occupational health and safety > Metrics
S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x				Phase-In
S1-16	97 (a)	Unadjusted gender pay gap	x		x		Social information > Own Workforce > Working conditions > Remuneration and benefits > Metrics
S1-16	97 (b)	Excessive CEO pay ratio	x				Social information > Own Workforce > Working conditions > Remuneration and benefits > Metrics
S1-17	103 (a)	Incidents of discrimination	x				Social information > Own Workforce > Other work-related rights > Incidents, complaints and severe human rights impacts
S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	x		x		Not applicable
ESRS 2 SBM-3 S2	11 (b)	Significant risk of child labour or forced labour in the value chain	x				Social information > Workers in the value chain > Material impacts, risks and opportunities and their interaction with strategy and business model

Footnotes are at the bottom of the table

Disclosure requirement		Data point	SFDR-reference[1]	Pillar-3-reference[2]	Benchmark-regulation-reference[3]	EU Climate Law-reference[4]	Reference in the report
S2-1	17	Human rights policy commitments	x				Social information > Workers in the value chain > Policies > Human rights
S2-1	18	Policies related to value chain workers	x				Social information > Workers in the value chain > Policies
S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x		Social information > Workers in the value chain > Policies > Human rights
S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8,			x		Social information > Workers in the value chain > Policies > Human rights
S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x				Not applicable
S3-1	16	Human rights policy commitments	x				Social information > Affected Communities > Policies
S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	x		x		Social information > Affected Communities > Policies
S3-4	36	Human rights issues and incidents	x				Not applicable
S4-1	16	Policies related to consumers and end-users	x				Social information > Consumers and end-users > Customers in focus > Policies Social information > Consumers and end-users > Traffic safety > Policies
S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x		Social information > Consumers and end-users > Customers in focus > Policies
S4-4	35	Human rights issues and incidents	x				Not applicable
G1-1	10 (b)	United Nations Convention against Corruption	x				Governance information > Prevention and detection of corruption and bribery
G1-1	10 (d)	Protection of whistle-blowers	x				Not applicable
G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	x		x		Governance information > Prevention and detection of corruption and bribery
G1-4	24 (b)	Standards of anti-corruption and anti-bribery	x				Governance information > Prevention and detection of corruption and bribery

1 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).
2 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ. L 176, 27.6.2013, p. 1).
3 Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ. L 171, 29.6.2016, p. 1).
4 Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ("European Climate Law") (OJ. L 243, 9.7.2021, p. 1).

Combined Non-Financial Declaration of the Mercedes-Benz Group and Mercedes-Benz Group AG

The first-time and complete use of the European Sustainability Reporting Standards (ESRS) as a framework pursuant to Section 315c Paragraph 3 in conjunction with Section 289d of the German Commercial Code (HGB) for the Non-Financial Declaration of the Mercedes-Benz Group is due to the importance of the ESRS as reporting standards for sustainability reporting adopted by the European Commission.

The following contents of the **Non-Financial Declaration of the Mercedes-Benz Group** in accordance with the provisions of Sections 315b and 315c HGB in conjunction with Sections 289b – 289e HGB are described in the respective chapters mentioned:

- The materiality assessment in the chapter Identification of material impacts, risks and opportunities; the materiality assessment basically covers the requirement for the Non-Financial Declaration in accordance with the methodological requirement of the CSRD and ESRS
- The business model of the Mercedes Benz Group in the chapter General information under Strategy, business model and value chain
- Environmental issues with the corresponding management policies, targets, actions and results in the chapter Environmental information
- Employee issues with the corresponding management policies, targets, actions and results in the chapter Own Workforce and with regard to employees in the supply chain in the chapter Workers in the value chain
- Social issues with the corresponding management policies, targets, actions and results in the chapters Affected Communities, Consumers and end-users and Traffic safety
- Corruption and bribery with the corresponding management policies, actions and results in the chapter Governance information
- Information on respect for human rights with the corresponding targets, strategies, policies, actions and results in the chapter Social information
- The most significant non-financial performance indicators can be found in the chapter Corporate Profile under Key performance indicators.

Regarding the contents of the **Non-Financial Declaration for Mercedes-Benz Group AG** in accordance with Sections 289b-289e HGB, we refer to the contents of the Group listed above. Mercedes-Benz Group AG is the parent company of the Mercedes-Benz Group. The policies, actions and targets at Group level are also generally pursued at the level of the parent company.

No framework is used for the parent company's Non-Financial Declaration, as the content refers to the Non-Financial Declaration of the Mercedes-Benz Group, which was prepared in full accordance with the ESRS as a framework.


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DECLARATION ON CORPORATE GOVERNANCE

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Declaration on Corporate Governance

In the Declaration on Corporate Governance pursuant to Sections 289 f, 315d of the German Commercial Code (HGB), the Board of Management and the Supervisory Board explain the corporate governance of the company in the 2024 reporting year. The statements are applicable to Mercedes-Benz Group AG and the Group, unless indicated otherwise below. Pursuant to Section 317 Subsection 2 Sentence 6 HGB, the review of the Declaration on Corporate Governance by the auditor is to be limited to whether the legally required statements were made.

This Declaration on Corporate Governance, as well as the most recent version of the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act on the German Corporate Governance Code, is, in addition to the no longer current declarations of the past five years, available on the website of the company group.mercedes-benz.com/dcg.

Declaration of the Board of Management and Supervisory Board of Mercedes-Benz Group AG on the Compliance with the German Corporate Governance Code according to Section 161 of the German Stock Corporation Act

Mercedes-Benz Group AG maintains compliance with the recommendations of the German Corporate Governance Code in the Code version, dated April 28, 2022 (“Code”), published by the Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette on June 27, 2022, with the exception of Recommendations C.4 and C.5 (Maximum number of Supervisory Board mandates) and will also continue to observe the recommendations with the aforesaid deviations in the future. Since the submission of the last Compliance Declaration in December 2023, Mercedes-Benz Group AG has maintained compliance with the recommendations of the German Corporate Governance Code also with the aforesaid deviations.

Maximum number of Supervisory Board mandates (C. 4 and C. 5) According to Recommendation C.4, Supervisory Board members who are not members of any management board of a listed company shall not accept more than a total of five Supervisory Board mandates in non-group listed companies or comparable functions, whereby a mandate as Supervisory Board Chair counts twice. According to Recommendation C.5, members of the Management Board of listed companies shall not have a total of more than two Supervisory Board mandates in non-group listed companies or comparable functions, and shall not accept the Chair of a Supervisory Board in a non-group listed company. Rather than setting a strict amount limit, it is more appropriate to assess on a case-by-case basis whether the number of mandates held by members of the Management Boards and Supervisory Boards at non-group listed companies or comparable functions appears to be appropriate, in particular because it is not always possible to clearly define the mandates that should be taken into consideration. Moreover, the individual workload expected as a result of the total number of mandates held does not necessarily increase in proportion to their number.

Stuttgart, December 2024

For the Supervisory Board	For the Board of Management
Dr Martin Brudermüller Chairman	Ola Källenius Chairman

Remuneration report, remuneration system

The 2024 remuneration report and the opinion ‘of the auditor pursuant to Section 162 of the German Stock Corporation Act (AktG) are available at group.mercedes-benz.com/remuneration-bom. The applicable remuneration system for the members ‘of the Board of Management for 2024 pursuant to Section 87a Subsections 1 and 2 Sentence 1 of the German Stock Corporation Act (AktG), which was approved by the Annual General Meeting on 3 May 2023, is also available there. The resolution also adopted by the Annual General Meeting on 3 May 2023 pursuant to Section 113 Subsection 3 of the German Stock Corporation Act (AktG) on the remuneration of the members of the Supervisory Board is available at group.mercedes-benz.com/remuneration-sb.

Essential principles and practices of corporate governance

German Corporate Governance Code
Beyond the statutory requirements of German stock corporation, co-determination and capital market legislation, Mercedes-Benz Group AG has complied and continues to comply with the recommendations of the German Corporate Governance Code (“Code”) subject to the exceptions stated and justified in the Declaration of Compliance (pursuant to Section 161 of the German Stock Corporation Act).

Mercedes-Benz Group AG has fully complied and continues to comply with the suggestions of the Code.

Principles of our business activity
The Mercedes-Benz Group conducts its business in accordance with Group-wide standards that go beyond the requirements of the law and the German Corporate Governance Code. Mercedes-Benz Group is convinced that only those who act in an ethically and legally responsible manner remain successful in the long term – this is especially true in times of upheaval and change. Hence, integrity and compliance are very important to the Mercedes-Benz Group. In order to achieve long-term and sustainable corporate success on this foundation, it is the goal of the Mercedes-Benz Group to ensure that its business operations are in harmony with the interests of the environment and society. As one of the world’s leading automakers, the Mercedes-Benz Group also wants to be at the forefront when it comes to sustainability. The company defines the most important principles in its Code of Conduct, which provides orientation for all employees of Mercedes-Benz Group AG and the Group and assists them in making the right decisions, even in difficult business situations.

The Code of Conduct
The Code of Conduct applies to all managers and employees of Mercedes-Benz Group AG and the consolidated Group companies worldwide, too. The Code of Conduct was revised in 2024 and the new version was communicated to the employees at the end of 2024. The policy sets out the core corporate principles for conduct in day-to-day business and the way people deal with each other within the company and with business partners and customers. In addition to respect for the law and the legal system, these corporate principles also include, for example, fairness, transparency, practical diversity, and responsibility. In addition to the corporate principles, the Code of Conduct contains, inter alia, regulations regarding the respect and safeguarding of human rights as well as the handling of conflicts of interest, and prohibits corruption in any form whatsoever. It is available on the Internet at group.mercedes-benz.com/compliance/integrity-code.

Principles of Social Responsibility and Human Rights

The Principles of Social Responsibility and Human Rights supplement and specify the principles of human rights and good working conditions in the Integrity Code. They apply to all managers and employees of Mercedes-Benz Group AG and also the consolidated Group companies worldwide. Through the Principles, the Mercedes-Benz Group also commits itself to preventing negative effects on human rights within its own business operations worldwide and at its partner and supplier companies and to reducing these negative effects and, as far as possible, putting an end to them. The Principles of Social Responsibility and Human Rights can be viewed in various languages at group.mercedes-benz.com/human-rights/principles.

Expectations regarding business partners

The Mercedes-Benz Group also formulates clear requirements for its business partners, because conduct with integrity and in compliance with the rules is a prerequisite for any trust-based cooperative venture. Therefore, when selecting its business partners, the company makes sure that they comply with the law, follow ethical principles, communicate the associated requirements to their own suppliers, and work to ensure compliance with these requirements. For the Mercedes-Benz Group's expectations of its business partners, please also see group.mercedes-benz.com/company/compliance/business-partners.html.

Advisory Board for Integrity and Sustainability

The Mercedes-Benz Group established an Advisory Board for Integrity and Sustainability. The board's members are independent external experts in the fields of environmental and social policy, transport and mobility development, and human rights and ethics and provide the Mercedes-Benz Group with constructive and critical support with issues relating to integrity, sustainability and corporate responsibility. The Advisory Board convenes several times a year in meetings that are chaired by the member of the Board of Management of Mercedes-Benz Group AG responsible for Integrity, Governance & Sustainability. In addition, bilateral discussions take place several times a year and there is an annual exchange with the members of the Supervisory Board and the Board of Management of Mercedes-Benz Group AG. There was also an exchange with employees on the employee day as part of the Sustainability Dialogue 2024.

During the revision of the sustainable business strategy in the reporting period, feedback from the Advisory Board was obtained in several rounds and integrated into the process. In addition, in the 2024 financial year, the Advisory Board dealt with topics such as market adaptation of electric vehicles, human rights, the whistleblower concept and the circularity strategy.

Internal risk management system and internal control and compliance management system within the Group

The Mercedes-Benz Group has internal control, risk and compliance management systems in place that are commensurate with the size and global presence of the company, the scope of its business operations, and its risk situation, and are geared towards the continuous and systematic management of entrepreneurial risks and opportunities. These processes and systems are subject to continual monitoring in order to remedy the identified weaknesses and continuously improve the processes and systems. Risks and opportunities associated with social and environmental factors are also taken into account. Their identification takes place through the regular risk management process and the materiality assessment. For the 2024 financial year, the Mercedes-Benz Group conducted the materiality assessment in accordance with the requirement of the CSRD and ESRS for the first time in order to identify material sustainability-related impacts, risks and opportunities. The newly identified material sustainability-related short- and medium-term risks and opportunities were transferred to the risk management system after completion of the assessment. In addition, the Mercedes-Benz Group is examining the further development of processes and systems with regard to the overall consideration of sustainability-related impacts, risks and opportunities.

In the reporting year, the Mercedes-Benz Group used a comprehensive, multi-stage assessment process to revise the strategic sustainability priorities that the

Group wants to focus on. These are backed up with specific goals. The results of the materiality assessment were also included in this assessment. The Mercedes-Benz Group plans to take into account the changes that arise in the regular cycle of the materiality assessment according to CSRD and ESRS in future updates to its strategic focus areas.

The risk management system is part of the overall planning, control and reporting process. This is to ensure that the executive management recognizes significant risks at an early stage and can initiate countermeasures in a timely fashion. Corporate Audit monitors compliance with legal framework conditions and corporate standards by means of targeted audits and initiates appropriate measures where necessary. Further information on risk management can be found in the in the chapter Risk and Opportunity Report in the Combined Management Report 2024.

In addition to the accounting-related internal control system, the internal control system also includes in particular the Compliance Management System and other similar systems or frameworks such as the Human Rights Respect System, as well as an independent and risk-oriented assessment of the structure and processes of the internal control system by Corporate Audit as part of various process audits. Further explanations of the internal control system are available in the chapter Risk and Opportunity Report in the Combined Management Report 2024.

The aim of the Compliance Management System (CMS) is to promote compliance with legislation and policies within the company and among its employees, to prevent misconduct and to systematically reduce compliance risks on the basis of the culture of integrity. Detailed information on the Mercedes-Benz Compliance Management System can be found in the chapter Sustainability Statement of the 2024 Annual Report.

At least once a year, the Audit Committee of the Supervisory Board of Mercedes-Benz Group AG discusses the effectiveness and functionality of the internal control and risk management system, the internal auditing system, and the Compliance Management System with the Board of Management. In each case, these systems and processes or similar ones are also examined with regard to the sustainability risks and opportunities they address, taking into account the areas of action of the sustainable business strategy as well as the ecological and social impact of the business activities conducted by Mercedes-Benz Group AG and the Group. The chairman of the Audit Committee of Mercedes-Benz Group AG shall report back to the Supervisory Board about the work of the committee at the latest at the next meeting of the Supervisory Board. The Supervisory Board of Mercedes-Benz Group AG also deals with the risk management system on the occasion of the audit of the company and Consolidated Financial Statements. The Chairman of the Supervisory Board maintains contact with the Board of Management between meetings of the Supervisory Board, in particular with the Chairman of the Board of Management, in order to discuss issues of risk management and compliance, in addition to the strategy and business development of the Group. Moreover, the Board of Management regularly informs the Audit Committee and the Supervisory Board about significant risks to the company and the Group.

The Legal Affairs Committee of the Supervisory Board supports the Supervisory Board in the performance of its duties with regard to the complex proceedings relating to antitrust matters and questions with respect to emissions with which Mercedes-Benz Group AG and its subsidiaries are confronted.

Accounting and auditing

The Mercedes-Benz Group compiles its Consolidated Financial Statements and interim financial reports (mid-year financial report and quarterly financial reports) in accordance with the principles of International Financial Reporting Standards (IFRS) as applicable in the European Union. The Annual Financial Statements of Mercedes-Benz Group AG are compiled in accordance with the accounting provisions of the German Commercial Code (HGB). The Consolidated Financial Statements and the Annual Financial Statements of Mercedes-Benz Group AG are audited by an auditor, and interim financial reports are subject to review by an auditor. The Consolidated Financial Statements and the consolidated management reports are publicly accessible on the website of the company within 90 days; the interim financial reports are publicly accessible within 45 days after the end of the respective reporting period.

On the basis of the recommendation of the Audit Committee, the Supervisory Board of Mercedes-Benz Group AG submits a proposal to the Annual General Meeting for the appointment of the auditor of the financial statements, the Group auditor of the Consolidated Financial Statements, and the auditor for the review of the interim financial reports.

Before submitting its recommendation for the election proposal to the Annual General Meeting, the Audit Committee of the Supervisory Board obtains a declaration from the proposed auditor as to whether and, if so, which business, financial or personal relationships exist between the auditor and its boards and committees and audit managers on the one hand and the company and members of its boards and committees on the other hand that could give rise to concerns of partiality.

The auditor informs the Supervisory Board of Mercedes-Benz Group AG without delay of any and all findings and occurrences of significance for the duties of the Supervisory Board that come to the attention of the auditor during the performance of the audit. The auditor also informs the Supervisory Board and annotates in the audit report if, during the performance of the audit, the auditor discovers facts that reveal an inaccuracy in the declarations of compliance with the German Corporate Governance Code issued by the Board of Management and the Supervisory Board.

After conducting a selection and proposal procedure in accordance with the EU Audit Regulation to comply with the audit firm's rotation obligation, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, was appointed for the first time as auditor and Group auditor for the 2024 financial year and as auditor for the review of interim financial reports for the 2024 financial year at the Annual General Meeting on May 3, 2023. Thomas Tandetzki has been the responsible auditor since the 2024 financial year.

Composition and working method of the Board of Management

Under the German Stock Corporation Act (AktG), Mercedes-Benz Group AG has a dual management system that provides for a strict personnel and functional separation between the Board of Management as the management body and the Supervisory Board as the supervisory body (two-tier board). The Board of Management manages the company, while the Supervisory Board supervises and advises the Board of Management.

Board of Management
In accordance with the articles of association of Mercedes-Benz Group AG, the Board of Management consists of at least two members. The Supervisory Board shall determine the exact number. As of 31 December 2024, the Board of Management consisted of eight members.

In December 2020, the Supervisory Board set a target for the proportion of women on the Board of Management and a deadline for achieving this target. In August 2021, the German Second Leadership Positions Act (FüPoG II) came into force. According to the said Act, at least one woman and at least one man must be a member of the Board of Management in listed companies that are subject to co-determination and equal representation and have more than three members on the Board of Management. Companies that are subject to the minimum proportion requirement no longer have to set a target quota for the proportion of women on the board of management. Nevertheless, the target quota determined in 2020 continued to apply as an aspect of the overall requirements profile for the composition of the Board of Management in the reporting period.

Details on the overall profile of requirements and the participation of women on the Board of Management are presented in separate sections in this Declaration on Corporate Governance.

Without prejudice to the overall responsibility of the Board of Management, the individual members of the Board of Management of Mercedes-Benz Group AG shall manage their divisions on their own responsibility within the framework of the guidelines adopted by the Board of Management as a whole. Certain matters defined by the Board of Management as a whole shall nevertheless be discussed by the Board of Management as a whole and shall require its approval. In addition, each member of the Board of Management has the right to demand that any matter he or she deems important be discussed by the Board of Management as a whole or that a decision be made on that matter by the Board as a whole. The work of the Board of Management is coordinated by the chairman of the Board of Management. No committees of the Board of Management were established during the reporting period.

Information about the areas of responsibility and the curricula vitae of the members of the Board of Management is available on the website of Mercedes-Benz Group AG at group.mercedes-benz.com/company/corporate-governance/board-of-management.

The Board of Management manages Mercedes-Benz Group AG and the Group, in consideration of the interests of the shareholders, the employees and the other stakeholders, with the goal of sustainable added value. With the approval of the Supervisory Board, it determines the strategic orientation of the company, which also takes into account long-term economic targets and environmental and social targets and objectives. The strategic areas of action – Decarbonization, Resource Use and Circularity, Employees, Human Rights, Digital Trust and Traffic Safety are thus components of the sustainable business strategy. Along with financial targets, the corporate planning decided on by the Board of Management with the approval of the Supervisory Board also includes corresponding sustainability-related targets.

The internal control and risk management system established by the Board of Management also addresses sustainability-related targets. Further information on sustainability can be found in the chapter Sustainability Statement of the 2024 Annual Report.

The Board of Management is responsible for ensuring compliance with statutory provisions and internal policies within the company, and works to ensure that

they are also observed by the Group companies (compliance). It has established a comprehensive Compliance Management System geared to the risk situation of the company, the basic features of which are presented in the chapter Governance information in the Sustainability Statement of this Annual Report. The components of the Compliance Management System also include the BPO (Business & People Protection Office) whistleblowing system, which gives employees and external whistleblowers worldwide the opportunity to report violations of the rules.

The Board of Management compiles the interim financial reports of the company, the Annual Financial Statements of Mercedes-Benz Group AG, the Consolidated Financial Statements and the Combined Management Report including sustainability reporting of the company and the Group. Together with the Supervisory Board, it prepares the Remuneration report and issues an annual Declaration of Compliance with the German Corporate Governance Code.

The Board of Management and the Supervisory Board cooperate to ensure the well-being of the company in a relationship based on trust. The Board of Management informs the Supervisory Board regularly, comprehensively and in a timely manner about all strategic issues of relevance to the company as a whole, including issues relating to the sustainability strategy, planning, profitability, business development, the situation of the company, the internal control system, the risk management system and compliance. The Supervisory Board has defined the information and reporting duties of the Board of Management in more detail.

For certain types of transactions defined by the Supervisory Board of Mercedes-Benz Group AG, the Board of Management requires the prior approval of the Supervisory Board.

Each member of the Board of Management is bound to serve the interests of the company and is subject to a comprehensive restraint of competition throughout the entire term of their contract. When making decisions, they may not pursue personal interests and they may not exploit the company's business opportunities for their own benefit. Members of the Board of Management must disclose without delay to the Chairman of the Supervisory Board and the Chairman of the Board of Management any personal interest they may have in a particular business activity conducted by the company, as well as any and all other conflicts of interest, and they must also report such information to all other members of the Board of Management. Members of the Board of Management may only perform external ancillary activities if these are approved by the Supervisory Board's Presidential Committee.

The Board of Management of Mercedes-Benz Group AG has adopted rules of procedure, available on the website of the company at group.mercedes-benz.com/company/corporate-governance which among other things govern the procedure to be followed when adopting resolutions and contain provisions designed to avoid conflicts of interest.

Diversity and equal opportunity

The Mercedes-Benz Group is committed to tolerance, openness and fairness, and promotes diversity and equal opportunity because these values form the basis of an efficient and successful company. Diversity is a firm component of the business strategy of the Mercedes-Benz Group; activities to promote diversity focus on the overarching strategic areas of action for the advancement of women, internationality and equal opportunities.

With respective conditions and measures, the Mercedes-Benz Group promotes a working environment in which employees, regardless of their age, ethnic origins and nationality, gender and gender identity, physical or intellectual capacity, religion and worldview, sexual orientation and social origins, can freely develop their talents. Along with the establishment of a framework and processes for ensuring equal opportunities, and measures to reduce and eliminate subconscious prejudices, this also includes measures to promote a work culture marked by appreciation in which individual lifestyles are respected, as well as the organization of programmes for employees and managers that provide information, raise awareness and improve personal skills in this regard. Diversity, equal opportunities and inclusion therefore make a significant contribution to the further development of the corporate culture of the Mercedes-Benz Group.

The targeted promotion of women had already been a central focus of attention in diversity management

before the German Act on the Equal Participation of Women and Men in Leadership Positions came into force. In compliance with the statutory requirements, the Board of Management of Mercedes-Benz Group AG has set targets for the proportion of women at the two management levels of the Mercedes-Benz Group AG below the Board of Management and a deadline for attaining these targets. The specific details are presented in a separate section of this Declaration on Corporate Governance.

Independently of the statutory requirements, the company set itself the goal of appointing women to fill at least 30% of its senior management positions by 2030. As of 31 December 2024, the proportion of women in senior management positions at the Mercedes-Benz Group worldwide was 26.4% (with reference to the active workforce without holiday workers).

Composition and working method of the Supervisory Board and its committees

Supervisory Board
In accordance with the German Co-Determination Act (MitbestG), the Supervisory Board of Mercedes-Benz Group AG consists of 20 members. Half of them are elected by the shareholders at the General Meeting and half by the employees of the German companies of the Group. Shareholder representatives and employee representatives are by law equally bound to serve the interests of the company.

Curricula vitae of the individual members of the Supervisory Board and their other mandates are published on the Internet at group.mercedes-benz.com/company/corporate-governance/supervisory-board. This information is also updated every year.

The Supervisory Board shall be composed in such manner that its members as a whole are familiar with the industry in which the company operates and have the knowledge, skills and professional experience necessary for the proper performance of their duties. In accordance with applicable law, the Supervisory Board of Mercedes-Benz Group AG must be composed of at least 30% women and at least 30% men. The specific details are presented in a separate section of this Declaration on Corporate Governance.

In addition, the Supervisory Board of Mercedes-Benz Group AG has developed an overall profile of requirements for its own composition, which includes a competence profile and a diversity concept for the Board as a whole, including an age limit. The specific details of the overall profile of requirements are also summarized in a separate section of this Declaration on Corporate Governance. The proposals of the Supervisory Board for the election of shareholder representatives by the General Meeting, for which the Nomination Committee submits recommendations, aim to fulfil the overall profile of requirements for the Supervisory Board as a whole.

The members of the Supervisory Board of Mercedes-Benz Group AG assume responsibility for the training and further qualification measures required for their tasks, e.g. on topics relating to changes in the legal framework and new, forward-looking technologies, and are supported in this by the company. During the reporting period, the company held information events on the topic of Digital Trust as part of the sustainable business strategy and on the Mercedes-Benz operating system MB.OS. Internal and external experts were involved in these events. In addition, new members of the Supervisory Board have the opportunity to meet the members of the Board of Management and senior executives with specialist responsibility in a specifically designated onboarding programme for a bilateral exchange on fundamental and current topics in respect of the relevant areas of the Board of Management, thus gaining an overview of the topics relevant to the company and of the governance structure. ESG

(Environmental, Social, Governance) or sustainability-related topic blocks are also an integral part of this programme.

The Supervisory Board supervises and advises the Board of Management in the management of the business. Monitoring and advisory activities also relate to sustainability issues. At regular intervals, the Supervisory Board discusses business development, the situation of the company, and planning and strategy, including the sustainability strategy and its implementation. The Supervisory Board also reviews and discusses the internal control and risk management system and monitors compliance with statutory provisions, official regulations and internal policies within the company.

The Supervisory Board of Mercedes-Benz Group AG has also specified in more detail the information and reporting duties of the Board of Management vis-à-vis the Supervisory Board, the Audit Committee and – between meetings of the Supervisory Board – vis-à-vis the Chairman of the Supervisory Board. The Supervisory Board has reserved the right of approval for transactions of fundamental importance.

The Supervisory Board's monitoring and advisory activities also relate to sustainability issues associated with the ESG dimensions (environmental, social and governance factors). At regular intervals, the Supervisory Board obtains reports from the Board of Management on the status of implementation of the sustainable corporate strategy and also examines the risks and opportunities for the company that result from social and environmental factors and, increasingly, the ecological and social effects of the company's business activities. In addition, the Supervisory Board deals with sustainability reporting as part of the discussion of the Combined Management Report.

The duties of the Supervisory Board of Mercedes-Benz Group AG include the appointment and, if necessary, the dismissal of the members of the Board of Management. Initial appointments are for a maximum of three years. In addition, the Supervisory Board resolved a flexibly structured further reduction in the term of office for appointments and reappointments of individuals aged 58 or older at the beginning of a term of office.

With regard to the composition of the Board of Management, the Supervisory Board observes the statutory requirements for the equal participation of women and men. The specific details are presented in a separate section of this Declaration on Corporate Governance. Furthermore, with regard to the composition of the Board of Management, the Supervisory Board adopted a diversity concept embedded in an overall profile of requirements. Its specific details are also summarized in a separate section of this Declaration on Corporate Governance.

The Supervisory Board of Mercedes-Benz Group AG determines the system of Board of Management remuneration based on a proposal from the Presidential Committee, defines the targets for the variable remuneration components, including non-financial and sustainability-oriented parameters, and submits the remuneration system to the General Meeting for approval. The Supervisory Board determines the individual remuneration of the Board of Management members in accordance with a remuneration system submitted to the General Meeting. Furthermore, the Supervisory Board regularly reviews both the remuneration system and the total individual remuneration of the individual members of the Board of Management in order to ensure that these remain appropriate. The adjusted remuneration system for the members of the Board of Management, which was approved by a majority of 91% at the Annual General Meeting in 2023, can be viewed at group.mercedes-benz.com/remuneration-bom. The Remuneration report that was prepared jointly by the Board of Management and the Supervisory Board (including the opinion of the auditor pursuant to Section 162 of the German Stock Corporation Act) is also available there.

The Supervisory Board examines the Annual Financial Statements, the Consolidated Financial Statements, and the Combined Management Report of the company and the Group including the Sustainability Statement with the Non-Financial Declaration for the Company and the Group, as well as the proposal for the appropriation of the distributable profits. After discussions with the auditor and in consideration of the audit opinions of the auditor and the audit results of the Audit Committee, the Supervisory Board shall declare whether any objections are to be raised after the final result of its own review. If this is not the case, the Supervisory Board approves the Annual Financial Statements and the Combined Management Report; the financial statements are

deemed to have been adopted with the approval of the Supervisory Board. The Supervisory Board shall report to the Annual General Meeting on the results of its own review as well as on the nature and scope of the supervision of the Board of Management during the past financial year. The Report of the Supervisory Board on the 2024 reporting year is available in the Annual Report and at group.mercedes-benz.com/company/corporate-governance/supervisory-board.

The Supervisory Board of Mercedes-Benz Group AG has adopted Rules of Procedure that, in addition to its duties and responsibilities, specifically regulate the convening and preparation of its meetings as well as the procedure for the adoption of resolutions and contain provisions that are intended to avoid conflicts of interest. The Rules of Procedure of the Supervisory Board are available on the Internet at group.mercedes-benz.com/company/corporate-governance.

For the meetings of the Supervisory Board during the reporting period, regular Executive Sessions were again scheduled in order to be able to discuss topics in the absence of the Board of Management. The Board of Management does not participate in meetings of the Supervisory Board and its committees to which the auditor is called in as an expert, unless the Supervisory Board or the committee deems its participation necessary. Meetings of the Supervisory Board and its committees should as a rule take place in person. In justified exceptional cases the meetings can be held in the form of a video conference or a conference call or with the use of other comparable means of telecommunication or individual members can participate in a meeting using such means.

Every member of the Supervisory Board must disclose any conflicts of interest they may have without delay to the Chairman of the Supervisory Board. Conflicts of interest and the manner in which they are dealt with are disclosed in the Report of the Supervisory Board.

The Supervisory Board regularly evaluates how effectively it and its committees fulfil their tasks. In the financial year 2023, a comprehensive self-assessment of the Supervisory Board and its committees in which the perspective of the Board of Management was also taken into account took place with the involvement of an external consultant on the basis of an extensive questionnaire and additional interviews carried out. The Supervisory Board addressed the results in detail in its meeting on 21 February 2024. The results confirm very good, professional cooperation characterized by a high degree of trust within the Supervisory Board and its committees as well as with the Board of Management. There was no fundamental need for change. Some individual ideas and recommendations were discussed. In addition, the Audit Committee also conducted a self-evaluation of its activities in 2024 based on a comprehensive company-specific questionnaire. The positive results of this self-assessment were presented and discussed at the Audit Committee meeting on February 19, 2025.

As of 31 December 2024, in addition to the Mediation Committee to be established by law, there are four other committees of the Supervisory Board of Mercedes-Benz Group AG that perform the tasks assigned to them in the name of and on behalf of the Supervisory Board as a whole, to the extent permitted by law. The relevant committee chairpersons shall report on the work of the committees to the plenary meeting of the Supervisory Board at the latest at the next meeting of the Supervisory Board following the committee meeting. The Supervisory Board has adopted separate rules of procedure for all its committees. They are available on the Internet at group.mercedes-benz.com/company/corporate-governance.

Presidential Committee

The Presidential Committee consists of the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board, and two other members elected by the Supervisory Board. As of 31 December 2024, the Presidential Committee consisted of Dr Martin Brudermüller (Chairman), Ergun Lümali (Deputy Chairman), Ben van Beurden and Roman Zitzelsberger.

The Presidential Committee makes recommendations to the Supervisory Board for the appointment of members to the Board of Management, in consideration of the overall profile of requirements defined by the Supervisory Board with the diversity concept, including the requirements for the proportion of women on the Board of Management. It submits proposals to the Supervisory Board for the structure of the remuneration system for

the Board of Management and for the appropriate individual total remuneration of the individual members of the Board of Management. The Presidential Committee is responsible for the contractual matters of the members of the Board of Management and decides on the granting of approval for ancillary activities of members of the Board of Management outside the Group.

In addition, the Presidential Committee advises and decides on corporate governance issues, on which it also makes recommendations to the Supervisory Board. It supports and advises the Chairman of the Supervisory Board and his Deputy and prepares the meetings of the Supervisory Board within the scope of its responsibilities.

Nomination Committee

The Nomination Committee consists of the Chairman of the Supervisory Board and two other members elected by the shareholder representatives in the Supervisory Board by a majority of the votes cast. As of 31 December 2024, they are Dr Martin Brudermüller (Chairman of the Nomination Committee), Ben van Beurden and Liz Centoni. The Nomination Committee is the only committee of the Supervisory Board composed exclusively of shareholder representatives. It makes recommendations to the Supervisory Board for proposals to the General Meeting for the election of shareholder representatives on the Supervisory Board. In this respect, it takes the statutory requirements for the participation of women into account and strives to fulfil the overall profile of requirements for the Supervisory Board as a whole.

Audit Committee

The Audit Committee consists of four members elected by the Supervisory Board of Mercedes-Benz Group AG by a majority of the votes cast. As of 31 December 2024, they are the shareholder representatives Olaf Koch (Chairman of the Audit Committee) and Timotheus Höttges as well as the employee representatives Ergun Lümali and Sebastian Fay.

The members of the Audit Committee as a whole are very familiar with the industry in which the company operates.

Pursuant to the German Stock Corporation Act (AktG), at least one member of the Audit Committee must have expertise in the field of accounting and at least one other member must have expertise in the audit of financial statements. In accordance with the German Corporate Governance Code, expertise in the field of accounting shall involve specialized knowledge of and experience with the use of accounting principles and internal control and risk management systems, while expertise in relation to the audit of financial statements shall also involve specialized knowledge of and experience with the same. In addition, specialized knowledge of and experience with financial reporting and financial statement auditing shall include sustainability reporting and the audit of sustainability reports. The Chairman of the Audit Committee shall have expertise as described in at least one of the aforementioned fields.

Throughout the course of his career, Olaf Koch has held management positions in the field of finance and controlling in his capacity as a chief financial officer, and he later served for many years as the Chairman of the Board of Management of Metro AG and Chairman of the Audit Committee of Hugo Boss AG. He has been a member of the Audit Committee of Mercedes-Benz Group AG since 2021 and its Chairman since 2022. He thus has specialized knowledge and experience with regard to the use of financial reporting principles and internal control and risk management systems and the audit of financial statements. This also includes sound knowledge of sustainability reporting and the audit of sustainability reports. For example, Olaf Koch introduced a sustainability target system and sustainability reporting at Metro AG, which led to the company maintaining a top position in the Dow Jones Sustainability Index for many years. He also monitors and contributes to the development of sustainability reporting and the audit of sustainability reports in general and at Mercedes-Benz Group AG in particular and he actively contributes his expertise to the work conducted by the Audit Committee.

Due to the many years he has spent serving in executive positions in the field of finance, most recently as Chief Financial Officer of Deutsche Telekom AG and as its CEO since 2014, Timotheus Höttges also has specialized knowledge and experience with regard to the use of financial reporting principles and internal control and risk management systems and the audit of financial statements. This also includes extensive knowledge of sustainability reporting and the audit of

sustainability reports, which he gained in his principal activity as CEO of Deutsche Telekom AG. He also monitors and contributes to the development of sustainability reporting and the audit of sustainability reports and he actively contributes his expertise to the work conducted by the Audit Committee of which he has been a member since 2022..

Both Olaf Koch, the Chairman of the Audit Committee, and Timotheus Höttges, in his capacity as the other shareholder representative on the Audit Committee, are independent of the company and its Board of Management. Further information on the evaluation of the independence of members of the Supervisory Board is summarized in the section Overall profiles of requirements for the composition of the Board of Management and the Supervisory Board in this Declaration on Corporate Governance.

The Audit Committee is responsible for monitoring the accounting and the accounting process, and for the audit of the financial statements, in particular the selection and independence of the auditor and the quality of the audit. At least once a year, it discusses the effectiveness and operation of the internal control and risk management system, the internal auditing system and the Compliance Management System, including the sustainability-related topics addressed therein, with the Board of Management. It receives regular reports on the work of Corporate Audit and the compliance organization. In addition, each member of the Audit Committee may obtain information directly from the heads of those corporate departments that are responsible within the company for tasks relating to the Audit Committee in accordance with its Rules of Procedure via the Chairman of the Committee. The Chairman of the Committee shall communicate the information obtained to all members of the Audit Committee. If such information is obtained, the Board of Management shall be informed accordingly without delay.

At least quarterly, the Audit Committee receives the report of the BPO (Business & People Protection Office) whistleblowing system on complaints and information on possible violations of rules by top executives and violations of a defined catalogue of statutory provisions by other employees. It regularly obtains information on the processing of the said complaints and information.

The Audit Committee discusses the interim financial reports and the information provided by the auditor about the review of the interim financial reports with the Board of Management and the auditor. On the basis of the opinion of the auditor, the Audit Committee reviews the annual company Financial Statements, the annual Consolidated Financial Statements, and the Management Report of the company and the Group including the sustainability reporting and discusses them together with the auditor. The Audit Committee submits its recommendations regarding the adoption of the Annual Financial Statements of Mercedes-Benz Group AG, the approval of the Consolidated Financial Statements, and the proposal for the appropriation of profits to the Supervisory Board. The Committee also makes recommendations concerning the proposal of the Supervisory Board for the election of the auditor, assesses the suitability, qualifications, and independence of the auditor, and, after appointment by the Annual General Meeting, engages the auditor for the audit of the Consolidated Financial Statements and the Annual Financial Statements as well as for the review of interim financial reports. In this respect, it also agrees on the fee and coordinates the key areas of the audit with the auditor.

The Chairman of the Audit Committee meets regularly with the auditor to discuss the progress of the audit and then reports to the Audit Committee on the results of these discussions. The Audit Committee also discusses topics with the auditor in the absence of the Board of Management.

The auditor shall report to the Audit Committee on any and all accounting matters considered critical and on any material weaknesses in the internal control and risk management system relating to the accounting process that are identified during the audit. The Audit Committee also addresses the sustainability reporting in the Management Report.

Finally, the Audit Committee also approves in advance permissible services that the auditors or their subsidiaries perform for Mercedes-Benz Group AG or its Group companies and that are not directly related to the audit of the annual accounts (or the review of interim financial statements).

Transactions between Mercedes-Benz Group AG and related parties within the meaning of Section 111 b of the German Stock Corporation Act (AktG) require the prior approval of the Audit Committee, unless the law or the Supervisory Board stipulates that the approval of the plenary Supervisory Board or another committee is required.

Legal Affairs Committee
The Legal Affairs Committee is composed of six members elected by the Supervisory Board by a majority of the votes cast. As of 31 December 2024, the members of the Committee are the shareholder representatives Olaf Koch (Chairman), Dame Polly Courtice and Dr Doris Höpke as well as the employee representatives Ergun Lümali, Sebastian Fay and Michael Häberle. The Committee coordinates the exercising of the rights and obligations of the Supervisory Board with regard to the ongoing emission and cartel-related proceedings against the company and Group companies. It prepares resolutions of the Supervisory Board in this regard and makes corresponding resolution recommendations. As part of the agreement in principle reached in 2020 with various US authorities to terminate civil and environmental proceedings in connection with emission control systems of certain diesel vehicles, the Committee was assigned further tasks and decision-making competences with regard to the fulfilment of the obligations assumed in the agreement in principle. The said other tasks include, inter alia, the steering and monitoring of the Post Settlement Audit Team that was set up in the context of the agreement in principle.

Mediation Committee
By law, the Mediation Committee consists of the Chairman of the Supervisory Board, Dr Martin Brudermüller; the Deputy Chairman of the Supervisory Board, Ergun Lümali; and two members elected by a majority of the votes cast, one by the employee representatives and one by the shareholder representatives on the Supervisory Board. As of 31 December 2024, they are Ben van Beurden for the shareholder side and Roman Zitzelsberger for the employee side. The Committee was established for the sole purpose of performing the task set out in Section 31 Subsection 3 of the German Co-Determination Act (MitbestG). As in previous years, the Mediation Committee had no reason to take action in 2024.

German Act on the Equal Participation of Women and Men in Leadership Positions, as amended by the German Second Act on Leadership Positions

The requirements of the German Equal Participation of Women and Men in Leadership Positions Act are to be fulfilled at the company level. The following information therefore relates to the Board of Management of Mercedes-Benz Group AG, two management levels of Mercedes-Benz Group AG below its Board of Management, and the Supervisory Board of Mercedes-Benz Group AG.

By resolution of 3 December 2020, the Supervisory Board of Mercedes-Benz Group AG set a target for the proportion of women on the Board of Management of at least 25% by 31 December 2025. Since August 2022, a legally mandated minimum participation requirement must be complied with when appointing members of the Board of Management. This requirement stipulates that at least one woman and at least one man must be a member of the Board of Management in a listed company with co-determination and equal representation and more than three members on the Board of Management. Companies that are subject to the minimum proportion requirement are no longer obliged to set a target quota for the proportion of women on

the Board of Management. Nevertheless, the target quota determined in 2020 continued to apply in the reporting period as an aspect of the overall requirements profile for the composition of the Board of Management in addition to the statutory minimum participation requirement. As of 31 December 2024, three of the eight members of the Board of Management were women: Renata Jungo Brüngger, Sabine Kohleisen and Britta Seeger. The proportion of women on the Board of Management is now 37.5%, which means it exceeds the target that was set.

By a resolution dated 25 November 2020, the Board of Management set a 11.8% share of women at the first (two women of a total of 17 executives) and 22.5% at the second level of management of Mercedes-Benz Group AG (16 women of a total of 71 executives) below the Board of Management at the time of the resolution and a target for the proportion of women of at least 20% for the first and of at least 25% for the second level of the Mercedes-Benz Group AG below the Board of Management by 31 December 2025. As of 31 December 2024, the first level of management of Mercedes-Benz Group AG below the Board of Management consists of 11 executives, of whom 5 were women, corresponding to a percentage of women of 45.5%. At the second level of management of Mercedes-Benz Group AG below the Board of Management, as of 31 December 2024, 15 out of a total of 48 executives were women, corresponding to 31.3%.

The change in the total number of executives at the various management levels of Mercedes-Benz Group AG between 25 November 2020 and 31 December 2024 was mainly due to the spin-off and hive-down of the Daimler commercial vehicles business that has meanwhile been carried out and the associated transfers to Daimler Truck.

Based on the assumption of a total of 11 executives at the first management level below the Board of Management of Mercedes-Benz Group AG as of 31 December 2025, the set target quota of at least 20% results in a target of 3 women for this level. Based on the assumption of a total of 48 executives at the second management level below the Board of Management of Mercedes-Benz Group AG as of 31 December 2025, the set target quota of 25% results in a target of 12 women for this level.

The supervisory boards of listed companies subject to co-determination and equal representation of shareholders and employees on the Supervisory Board must be composed of at least 30% women and at least 30% men. The quota is to be met by the Supervisory Board as a whole. If the representatives of the shareholders or the representatives of the employees object to the Chairman of the Supervisory Board prior to the election, then the minimum share for this election shall be fulfilled separately by the shareholders and the employees. With regard to the election of shareholder representatives by the Annual General Meeting on 8 May, 2024, there was no objection to the overall fulfilment.

As of 31 December 2024, women made up 40% of the shareholder side of the Supervisory Board of Mercedes-Benz Group AG (Liz Centoni, Dame Polly Courtice, Dr Doris Hoepke and Professor Dr Helene Svahn), while the remaining 60% were men. At that point in time, on the employee side, Nadine Boguslawski, Gabriela Neher, Pia Simon and Monika Tielsch also made up 40% women and the remaining 60% were men.

As at 31 December 2024 the statutory quota for women for the Supervisory Board thus remained fulfilled.

In the event of the election of the candidates proposed by the Supervisory Board to the 2025 Annual General Meeting, the gender quota on the shareholder side will remain unchanged at 40% women and 60% men. With regard to this election, the overall fulfilment was not objected to. On the employee side, the proportion of women has increased to 50% with the court appointment of Barbara Resch as successor to Roman Zitzelsberger, effective January 1, 2025.

In addition to Mercedes-Benz Group AG itself, other Group companies are subject to co-determination and set their own targets for the proportion of women on their respective Supervisory Boards and Boards of Management and at the two levels below the Board of Management as well as a deadline for achieving these targets, and publish them in accordance with the statutory requirements.

Directive (EU) 2022/2381 on improving the balance between women and men among directors of listed companies and on related measures sets a target of 40% of the underrepresented sex among non-executive directors and 33% among all directors for large listed companies in the EU. The targets are to be achieved by 30 June 2026. The deadline for implementation of the Directive into national law expired on December 28, 2024. In November 2024, the German Federal Government suspended both the binding targets for companies and the means to achieve them in accordance with the Directive.

Overall profiles of requirements for the composition of the Board of Management and the Supervisory Board

With regard to the composition of its Board of Management and its Supervisory Board, Mercedes-Benz Group AG considers competence profiles and diversity concepts with regard to aspects such as age and gender. The Supervisory Board has combined these profiles and concepts in the overall profiles of requirements for the Board of Management and the Supervisory Board described below. The profiles of requirements are reviewed annually and also serve as a basis for long-term succession planning.

Board of Management
The objective of the profile of requirements for the Board of Management is to ensure that the Board of Management has excellent leadership skills and that its composition is as diverse and complementary as possible. The Board of Management as a whole shall possess the knowledge, skills and experience necessary for the proper performance of its duties and at the same time embody the company's management philosophy on the basis of the various personal backgrounds and skills of its members. The key factor for the decision on filling a specific board position is always the interest of the company, taking any and all circumstances of the individual case into account.

The profile of requirements for the Board of Management remained the same in the reporting period as in the previous year and included the following aspects:

- The members of the Board of Management shall have **diverse educational and professional backgrounds**, preferably with at least two members with a technical background. As of 31 December 2024, the Board of Management includes two graduate engineers, Markus Schäfer and Dr Jörg Burzer. Ola Källenius has demonstrated his technical expertise on a sustained basis since taking over the Group Research & Mercedes-Benz Cars Development division on 1 January 2017.
- On 3 December 2020, the Supervisory Board set a target for the **proportion of women** on the Board of Management of at least 25% by 31 December 2025. In August 2022, the previous statutory obligation to set a target quota for the proportion of women was replaced by a statutory minimum participation requirement of one woman (and one man) for boards of management consisting of more than three persons at listed companies with co-determination and equal representation. For the reporting period, however, the target quota determined in 2020 continued to apply as an aspect of the overall requirements profile for the composition of the Board of Management in addition to the statutory minimum participation requirement. As of 31 December 2024, three of the eight members of the Board of Management are women:

Renata Jungo Brüngger, Sabine Kohleisen and Britta Seeger. The proportion of women on the Board of Management is now 37.5%, which means it exceeds the target that was set.

- For the **last possible age-related appointment or reappointment** of a member of the Board of Management, the completion of the 62nd year of life at the time of the beginning of a (new) term of office generally serves as a guideline. When determining this age limit, the Supervisory Board deliberately opted for a flexible benchmark in order to preserve the necessary leeway for appropriate decisions in individual cases. With the exception of Renata Jungo Brüngger, all members of the Board of Management fall below this standard age limit as of 31 December 2024.
- In addition, attention shall be paid to a sufficient **generational mix** among the members of the Board of Management; if possible, at least three members of the Board of Management shall be 57 years of age or younger at the beginning of the relevant term of office. As of 31 December 2024, this applies to Ola Källenius, Dr Jörg Burzer, Britta Seeger and Harald Wilhelm.
- In the composition of the Board of Management, attention shall also be paid to **internationality** in the sense of different cultural backgrounds or international experience through several years of stays abroad; if possible, at least one member of the Board of Management shall be of international origin. Notwithstanding the many years of international experience of the vast majority of the members of the Board of Management, this goal had already been achieved by 31 December 2024, simply because of the international origins of Ola Källenius and Renata Jungo Brüngger and the focus of Hubertus Troska's activities in China.
- As a rule, and subject to disclosure of a deviation in the annual Declaration of Compliance with the German Corporate Governance Code, members of the Board of Management **shall not hold more than two mandates on supervisory boards in non-Group listed companies or comparable functions** and shall not chair a supervisory board of a non-Group listed company. For the purpose of the profile of requirements, mandates on supervisory boards in joint ventures, the performance of which is part of the departmental responsibility of a member of the Board of Management, are not considered to be comparable functions.

  Of the non-Group memberships of Supervisory Boards and other supervisory bodies held by Hubertus Troska, only BAIC Motor Corporation Ltd. is listed on the stock exchange. This mandate ended on 22 March 2024. With the exception of the mandate at Beijing Foton Daimler Automotive Co., Ltd., his other mandates outside the Group are mandates in non-listed joint ventures within his departmental responsibility. In the opinion of the Supervisory Board, these mandates do not pose any requirements comparable to mandates on supervisory boards of listed companies outside the Group in terms of the requirements profile. In the opinion of the Supervisory Board, this also applies to Hubertus Troska's mandate at Beijing Foton Daimler Automotive Co., Ltd., a company of the Daimler Truck Group, that ended on 1 October 2024, as well as to Markus Schäfer's mandates outside the Group.

  Of the non-Group memberships of supervisory boards and other supervisory bodies held by Britta Seeger, only Deutsche Lufthansa AG is listed on the stock exchange. In the opinion of the Supervisory Board, the other mandates outside the Group are mandates within the scope of her departmental responsibilities that, in terms of the profile of requirements, do not pose any demands comparable to a mandate on the Supervisory Board of a listed company outside the Group.

  Renata Jungo Brüngger is a member of the Supervisory Board of the listed company Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft and Harald Wilhelm was a member of the Supervisory Board of the also listed BAIC Motor Corporation Ltd until 22 March 2024. In addition, both are represented on the Supervisory Board of the non-Group listed Daimler Truck Holding AG as well as on the Supervisory Board of the non-listed Daimler Truck AG, a wholly owned subsidiary of Daimler Truck Holding AG. The shareholder representatives on the Supervisory Boards of Daimler Truck Holding AG and Daimler Truck AG are identical. Against this background, in the opinion of the Supervisory Board, membership of the Supervisory Board of Daimler Truck AG does not impose any additional requirements comparable to the mandate at Daimler Truck Holding AG in terms of the profile of

requirements. A deviation from the recommendation of the German Corporate Governance Code that members of boards of management of listed companies should not hold more than two mandates on supervisory boards in non-Group listed companies or comparable functions and should not chair a supervisory board is stated and justified in the 2024 Declaration of Compliance, notwithstanding the assessments of the Supervisory Board for the purposes of the profile of requirements.

With effect from 1 January 2025, the Supervisory Board has decided to adjust the overall requirements profile of the Board of Management:

- The aspect of gender ratio was aligned with the legal situation as changed in 2020. In accordance with the legal requirement, the Board of Management must include at least one woman and at least one man. The target quota for women no longer applies.
- The aspect of generational mix has been tightened up so that, if possible, at least two members of the Board of Management should be 52 years old or younger at the start of their current term of office. This is also intended to promote diversity and the consideration of different perspectives with regard to the age structure of the Board of Management.
- The aspect of the maximum number of mandates has been deleted. Instead, a new aspect of sustainability/ESG has been added to the requirements profile of the Board of Management, according to which the its members as a whole should have knowledge and experience in the area of sustainability/ESG that is relevant to the Company. This is intended to take into account the increasing regulatory and practical importance of this topic.

The other aspects of the overall requirements profile of the Board of Management remain unaffected. The criteria of the profile of requirements shall be taken into account when filling positions on the Board of Management. The Presidential Committee draws up a short-list of available candidates on the basis of a target profile, taking into account the specific qualification requirements and the requirements profile. It then submits a candidate proposal to the Supervisory Board together with the reasons for its recommendation for the decision-making. The decisive factor is always the interest of the company, in consideration of any and all circumstances of the individual case.

In the view of the Supervisory Board, fundamental individual suitability criteria for a position on the Board of Management are, in particular, personality, integrity, convincing leadership qualities, professional qualifications for the division to be taken over, past performance, knowledge of the company, and the ability to adapt business models and processes in a changing world.

Together with the Board of Management, the Supervisory Board also ensures long-term succession planning for the Board of Management, with due consideration of the profile of requirements and the circumstances of the individual case. The Presidential Committee of the Supervisory Board regularly discusses talents and exceptional leaders of the company. The contract terms and renewal options of current members of the Board of Management are discussed, as well as possible successors. On the basis of a potential analysis and in consideration of the criteria of the profile of requirements, executives from the management level below the Board of Management as well as special high potentials are assessed and the next development steps are discussed and determined together with the Board of Management. The process of succession planning also includes regular reporting by the Board of Management on the proportion and development of female managers, especially at the first and second management levels below the Board of Management. The Board of Management is responsible for proposing a sufficient number of suitable candidates to the Supervisory Board. Mercedes-Benz Group AG aims to predominantly fill positions on the Board of Management with managers developed within the company. Nevertheless, potential external candidates are also evaluated and included in the selection process on a case-by-case basis, with the support of external recruitment consultancy firms.

Supervisory Board
The Supervisory Board as a whole must be familiar with the industry in which the company operates.

The aim of the profile of requirements for the Supervisory Board in its entirety is also to ensure that the composition of the Supervisory Board is as diverse and complementary as possible. The Supervisory Board shall, as a whole, understand the business model of the company and possess the knowledge, skills and experience – including expertise on the sustainability issues that are important for the company – necessary to properly provide qualified supervision and advice to the Board of Management.

Overall, the members of the Supervisory Board shall complement one another in terms of their expertise and professional experience in such a way that the Board as a whole can draw on the broadest possible pool of experience and diverse specialist knowledge. Furthermore, the Supervisory Board considers the diversity of its members in terms of age, gender, internationality and other personal characteristics as an important prerequisite for an effective working relationship. The decision of the Supervisory Board on an election proposal to the General Meeting shall always be based on the interests of the company, taking any and all circumstances of the individual case into account.

The requirements profile for the Supervisory Board in the reporting period included the following aspects, unchanged from the prior year:

- **Standard limit of membership duration**
  As a rule, only candidates who have not already been members of the Supervisory Board for 12 years at the time of their (re-)election shall be proposed for election to the Supervisory Board for a full term of office. On 31 December 2024, this requirement was fulfilled for all members of the Supervisory Board in office.

- **Diversity**
  - **Gender ratio:** By law, at least 30% of the members of the Supervisory Board must be women and at least 30% must be men. The quota is to be met by the Supervisory Board as a whole, unless the representatives of the shareholders or the representatives of the employees object to the overall fulfilment. If such an objection is made, then the minimum proportion for the next election in the given case is to be fulfilled separately by the shareholder side and the employee side. As of 31 December 2024, there are four women on both the side of the shareholders and the side of the employees. This puts the proportion of women on the shareholder side, the employee side and for the Supervisory Board as a whole at 40%. With regard to the election of shareholder representatives by the Annual General Meeting on May 8, 2024, there was no objection to the overall fulfilment. In the event of the election of the candidates proposed by the Supervisory Board to the 2025 Annual General Meeting, the gender quota on the shareholder side will remain unchanged at 40% women and 60% men. Also with regard to this election, the overall fulfilment was not objected to. On the employee side, the proportion of women has increased to 50% with the court appointment of Barbara Resch as successor to Roman Zitzelsberger, effective January 1, 2025.

  - **Generational mix:** At least 30% of the members of the Supervisory Board shall be no more than 62 years of age at the time of their election or re-election. Except for Dr Martin Brudermüller, Dame Polly Courtice, Marco Gobbetti and Stefan Pierer, all other members (16 members, or more than 30%) of the Supervisory Board in office on 31 December 2024 were aged 62 or younger at the time of their election or re-election for the current term of office.

  - **Internationality:** At least 30% of shareholder representatives shall be of international origin (international citizenship) or have international experience. All shareholder representatives in office on 31 December 2024 have international experience. Moreover, the target has already been exceeded simply because of the international background of six shareholder representatives – Ben van Beurden, Liz Centoni, Dame

Polly Courtice, Marco Gobbetti, Stefan Pierer and Professor Dr Helene Svahn – who together account for 60% of the shareholder representatives.

- **Educational and professional background:** the members of the Supervisory Board should have different educational and professional backgrounds. As of 31 December 2024, the members of the Supervisory Board display a broad range of educational and professional backgrounds. Dr Martin Brudermüller, Ben van Beurden, Liz Centoni, Stefan Pierer, Professor Helene Svahn and Roman Zitzelsberger have university degrees in chemistry, business and energy management, biotechnology and/or electrical engineering. Other employee representatives have completed relevant professional training. Several university graduates in economics are represented, including Timotheus Höttges and Olaf Koch on the shareholder side and Pia Simon and Michael Bettag on the employee side. Dame Polly Courtice and Marco Gobbetti are proven experts in the field of sustainability and the luxury segment respectively. A lawyer belongs to both the shareholder and employee side. A social economist and a production mechanic round off the diverse educational and professional backgrounds on the Supervisory Board.
- **Formal suitability**
  - **Independence:** In order to ensure independent advice to and supervision of the Board of Management by the Supervisory Board, more than half of the shareholder representatives on the Supervisory Board shall be independent of the company and the Board of Management, subject to the disclosure of a deviation from the corresponding recommendation of the German Corporate Governance Code in the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG).

    A shareholder representative on the Supervisory Board shall be independent of the company and its Board of Management if he or she has no personal or business relationship with the company or its Board of Management that could give rise to a material and not merely temporary conflict of interests. The assessment of independence is incumbent on the shareholder representatives on the Supervisory Board themselves. In this respect, four indicators must be taken into account that may point to a lack of independence: membership of the Board of Management within the last two years prior to the appointment as a member of the Supervisory Board; a significant business relationship with the company or a company dependent on it, e.g. as a customer, supplier, lender or consultant; a close family relationship to a member of the Board of Management; membership of the Supervisory Board for more than twelve years (all criteria relate to both the members of the Supervisory Board and their close family members). However, the shareholder side is expressly at liberty to regard the member of the Supervisory Board in question as independent if one or even several negative indicators are fulfilled – however, this assessment should then be substantiated in the Declaration on Corporate Governance.

    On the basis of the information known to the Supervisory Board, the shareholder representatives are of the opinion that there are no specific indications of relevant personal or business relationships or circumstances, in particular with regard to the company, members of the Board of Management or other members of the Supervisory Board, that could constitute a material and not merely temporary conflict of interests and therefore argue against the independence of any member of the Supervisory Board on the shareholder side. During the reporting period, the shareholder representatives Dr Martin Brudermüller, Liz Centoni, and Timotheus Höttges in particular did not have any such material business relationship with Mercedes-Benz Group AG or any company dependent on Mercedes-Benz Group AG (e.g. as a supplier, customer, lender or consultant) in a responsible function of a company outside the Group. The same applies – also in view of the information provided in the chapter Consolidated Financial Statements in the note Related party disclosures – to Stefan

Pierer in his role as a shareholder and/or board member of companies in the Pierer Group. He sold the majority of the LEONI Group in September 2024. The transaction has not been closed yet. No former member of the Board of Management was a member of the Supervisory Board during the reporting period. No member of the Supervisory Board holds board functions or performs advisory tasks for significant competitors.

As a result, according to the assessment of the shareholders' side, at 31 December 2024, all shareholder representatives on the Supervisory Board were to be deemed independent, namely Dr Martin Brudermüller, Ben van Beurden, Liz Centoni, Dame Polly Courtice, Marco Gobbetti, Dr Doris Höpke, Timotheus Höttges, Olaf Koch, Stefan Pierer and Professor Dr Helene Svahn.

- **Standard age limit:** As a rule, only candidates who are not older than 72 years at the time of their election shall be proposed for election to the Supervisory Board for a full term of office. Upon the establishment of this age limit, the Supervisory Board deliberately decided against a rigid maximum age limit and in favour of a flexible standard limit that preserves the necessary leeway for an appropriate assessment of the circumstances of the individual case, that defines the group of potential candidates in a sufficiently broad manner, and that also allows for re-election. None of the members of the Supervisory Board in office on 31 December 2024 exceeded the standard age limit at the time of their election for a full term of office.

Expertise and experience

- **Two financial experts:** At least one member of the Audit Committee must have expertise in the field of accounting and at least one other member must have expertise in the audit of financial statements. Expertise in the field of accounting should involve specialized knowledge of and experience with the use of accounting principles and internal control and risk management systems, while expertise in relation to the audit of financial statements must also involve specialized knowledge of and experience with the same. In addition, specialized knowledge of and experience with financial reporting and financial statement auditing shall include sustainability reporting and the audit of sustainability reports. On the shareholder side, the Audit Committee has two financial experts as members – Olaf Koch and Timotheus Höttges – whose current or past relevant duties at (listed) companies, as well as continuing qualification activities, ensure they have specialized knowledge of and experience with accounting and the audit of financial statements. The same applies to their specialized knowledge of and experience with sustainability reporting and the audit of sustainability reports. Further details on the expertise of the two financial experts can be found in the information on the composition and working method of the Audit Committee in this Declaration on Corporate Governance.
- **Other special areas of expertise:** the Supervisory Board shall, as a whole, possess expertise and experience in areas of particular relevance to the company. At least three members of the Supervisory Board shall bring knowledge and experience in each of the following areas:
  - Finance (e.g. accounting, controlling, risk management, auditing, M&A)
  - Strategy
  - Digitalization/IT (e.g. software, processes, data security)
  - Transformation (e.g. products, working models)
  - HR (e.g. human resources management, employee issues, world of work)
  - Sustainability/ESG (in particular: the environment – green production and logistics, climate and decarbonization strategy; social – people plan, sustainable supply chains; governance – sustainable corporate governance, sustainable finance)
  - Industry (e.g. production, procurement)
  - Innovation, research and development, technology
  - Sales/brands
  - Capital markets

The specification examples in the parentheses for the areas shown above are not exhaustive; in addition, expertise does not have to be demonstrated for every specified item in the parentheses for each area.

On the basis of the table Qualification matrix of the Supervisory Board members, the Supervisory Board as a whole in its composition as of 31 December 2024 meets the defined requirements pertaining to its expertise/experience. More than three members of the Supervisory Board have relevant knowledge and/or experience in each of the areas of expertise shown above. The explanations shown below regarding the members of the Supervisory Board who are mentioned by name should therefore be viewed as examples.

In the area of **finance**, Ben van Beurden and Dr Doris Höpke in particular possess special expertise, as do the two financial experts Olaf Koch and Timotheus Höttges and the other members of the Audit Committee, Ergun Lümali and Sebastian Fay.

With regard to **strategy**, Dr Martin Brudermüller in particular has proven sector-specific expertise as a result of his previous professional experience. In terms of the corporate strategy that is geared towards sustainability and the luxury vehicle segment, the ESG expertise of Dame Polly Courtice, as well as Marco Gobbetti's experience in the luxury-goods industry, deserve special mention. In addition, Roman Zitzelsberger and Ergun Lümali in particular have extensive experience with strategy issues – Roman Zitzelsberger due to the mandates he has held in various supervisory boards and Ergun Lümali due to the many years he has served on the company's Supervisory Board.

In the area of **digitalization/IT**, Liz Centoni and Timotheus Höttges, among others, contribute expertise and experience gained through their professional activities at Cisco and Deutsche Telekom, respectively. The same can be said for Monika Tielsch due to her activity as a Works Council member in the R&D unit, where the MB.OS operating system is being developed.

Dr Martin Brudermüller and Ben van Beurden in particular have extensive expertise in the area of **transformation**. They were particularly responsible for the transformation of the companies they chaired as CEOs. In their capacity as works council chairmen at key Mercedes-Benz production plants, both Ergun Lümali and Michael Häberle use their expertise to help manage the transformation at the Mercedes-Benz Group.

In the area of **human resources,** Dr Doris Höpke, among others, possesses profound knowledge due to her professional experience as a Chief Human Resources Officer and Labour Director of a listed company. As a representative of senior executives, Pia Simon also has the relevant expertise. Furthermore, the relevant knowledge and experience contributed by IG Metall representatives Nadine Boguslawski, Sebastian Fay and Roman Zitzelsberger are very valuable for the work of the Supervisory Board.

In the area of **sustainability/ESG**, Dame Polly Courtice contributes the expertise she has gained in ESG matters as a result of having served for many years as Director of the University of Cambridge Institute for Sustainability Leadership. Dr Martin Brudermüller, Ben van Beurden and Timotheus Höttges in particular contribute to the Supervisory Board their knowledge of and experience with environmental (E) issues. All of them deal or dealt extensively with sustainability issues (in particular those relating to climate change mitigation and decarbonization) at the companies in which they serve or served as chairmen of the board of management. Dame Polly Courtice as well as the employee representatives on the Supervisory Board possess expertise in the fields shown above that

relate to the social (S) component of ESG. With regard to governance (G), Olaf Koch and Sebastian Fay contribute to the Supervisory Board the expertise they have gained throughout their professional careers.

In the area of **industry**, Dr Martin Brudermüller's many years of experience in the chemical industry are particularly noteworthy. He has further deepened his industry-specific knowledge since assuming the role of Chairman of the Supervisory Board. Stefan Pierer also possesses in-depth industrial experience. In addition, Ergun Lümali possesses expertise relevant to the area of industry due to the many years he has spent as Chairman of the Works Council at the Mercedes-Benz Sindelfingen plant.

With respect to **innovation, research and development**, the proven expertise of Professor Dr Helene Svahn deserves to be especially highlighted. Liz Centoni also possesses specialized knowledge in this area due to the many years she has spent in executive positions at Cisco. Finally, Monika Tielsch and Michael Häberle, among others, also contribute to the Supervisory Board the expertise they have gained in this area throughout their careers.

In the area of **sales/brands,** Stefan Pierer's industry-related knowledge must be recognized. In addition, Marco Gobbetti enriches the Supervisory Board with special expertise in the area of branding. Michael Bettag has many years of experience in sales.

The area of **capital markets** is extremely well covered by Dr Martin Brudermüller, Ben van Beurden, Olaf Koch and Timotheus Höttges in particular, as all of them serve or have served as chairmen of listed companies. Ergun Lümali and Roman Zitzelsberger, among others, also possess expertise with regard to capital markets after having served as members of the Supervisory Board for many years.

With effect from 1 January 2025, the Supervisory Board has decided to adjust its overall requirements profile:

- The aspect of the standard retirement age has been tightened up so that a four-year term of office is already considered a full term of office within the meaning of the standard retirement age. This corresponds to the practice of the Supervisory Board of only proposing Supervisory Board candidates to the Annual General Meeting for a term of office of a maximum of four years instead of the legally permitted five years.

- Industry and digitalization/IT, two of the to date ten special fields of expertise in which at least three members of the Supervisory Board should have expertise/experience, will be merged into one field of expertise. This is intended to take into account the close interconnection of these two areas of expertise.

- As a new requirement in the overall requirements profile of the Supervisory Board, the Supervisory Board as a whole should have skills/experience in the regions that are particularly relevant for the company: Germany, Europe, America, Asia-Pacific (especially China). Regional skills in this sense are professional activity in the region or professional experience related to the region.

The other aspects of the overall requirements profile for the Supervisory Board remain unchanged.

Proposals by the Supervisory Board for the election of shareholder representatives by the General Meeting, for which the Nomination Committee makes recommendations, shall take the aspects outlined above into account and aim to fulfil the profile of requirements for the Board as a whole. The Nomination Committee shall draw up a short-list of available candidates on the basis of a target profile, taking the specific qualification requirements and the aforementioned criteria into account, and, while doing so, also obtain assurances that the proposed candidate has sufficient time to be able to exercise the mandate with due diligence. Subsequently, the Nomination Committee submits a candidate proposal to the Supervisory Board together with the reasons for its recommendation for decision-making. The decision of the Supervisory Board on the election proposal to the General Meeting shall always be based on the interests of the company, taking any and all circumstances of the individual case into account.

The terms of office of the shareholder representatives on the Supervisory Board of Mercedes-Benz Group AG end at different times (“staggered board”). Every year, the General Meeting elects one or more shareholder representatives. The staggered board opens up the possibility of adapting the composition of the Supervisory Board more flexibly to a changing environment. In addition, it facilitates the search for suitable candidates, because not all seats on the shareholder side have to be filled at a single General Meeting. The Nomination Committee of the Supervisory Board regularly reviews which mandates end at which point in time and whether the relevant mandate holders are eligible and willing to serve a further term of office, taking the aforementioned criteria into account. In the search for new candidates, the Nomination Committee may rely on independent external recruitment consultancy services if it chooses to do so.

Shareholders and General Meeting

The shareholders exercise their membership rights, in particular their voting rights, at the General Meeting. Each share of Mercedes-Benz Group AG entitles the holder to one vote. Documents and information about the General Meeting are available at group.mercedes-benz.com/am.

In the context of comprehensive investor and public relations, the company is in close contact with its shareholders. Shareholders, financial analysts, shareholder associations, the media and interested members of the public are regularly and comprehensively informed about the company’s situation and are promptly informed about important business changes. The Chairman of the Supervisory Board is also prepared, within appropriate and reasonable limits, to discuss topics specific to the Supervisory Board with investors, e.g. the remuneration of the Board of Management and the work and the structure of the Supervisory Board and its committees. Such discussions took place in the run-up to the 2024 Annual General Meeting and following the election of the new Chairman of the Supervisory Board in September 2024.

In addition to other channels of communication, the company makes very good use of the company website for investor relations. All key information published in 2024, including annual, quarterly and half-yearly financial reports, press releases, voting rights notifications by major shareholders, presentations and audio recordings from analyst and investor events and conference calls, as well as the financial calendar, is available at group.mercedes-benz.com/investors. The dates of important publications, such as the annual report and interim financial reports, as well as the dates of the General Meeting, the annual press conference and analysts’ conferences, are announced well in advance in the financial calendar.

Qualification matrix of the Supervisory Board members

	Dr Martin Brudermüller	Ben van Beurden	Liz Centoni	Dame Polly Courtice	Marco Gobbetti
Tenure					
Joined board in	2021	2021	2021	2022	2022
Term limit not breached	✓	✓	✓	✓	✓
Diversity					
Gender	Male	Male	Female	Female	Male
Year of birth	1961	1958	1964	1952	1958
Nationality	German	Dutch	US	British/South Africa	Italian
International experience[1]	✓	✓	✓	✓	✓
Educational and professional background	Chemistry	Chemical engineering	Chemistry/MBA/software engineering	History/marketing/sustainability	International management/sales
Formal suitability					
Independence[2]	✓	✓	✓	✓	✓
Age limit not breached	✓	✓	✓	✓	✓
Competencies/experience					
Finance (e.g. accounting, controlling, risk management, audit, M&A)	✓	✓	✓		✓
Strategy	✓	✓	✓	✓	✓
Digitalization/IT (e.g. software, processes, data protection)	✓	✓	✓		
Transformation (e.g. product, working models)	✓	✓	✓	✓	✓
HR (e.g. personnel management, employee issues, working environment)	✓	✓	✓	✓	✓
Sustainability/ESG[4]	✓	✓	✓	✓	✓
Industry (e.g. production, procurement)	✓	✓			
Innovation, research and development, technology	✓	✓	✓	✓	✓
Sales/Brand			✓	✓	✓
Capital market	✓	✓			✓

Footnotes are at the bottom of the table

	Dr Doris Höpke	Timotheus Höttges	Olaf Koch	Stefan Pierer	Professor Dr Helene Svahn
Tenure					
Joined board in	2024	2020	2021	2023	2021
Term limit not breached	✓	✓	✓	✓	✓
Diversity					
Gender	Female	Male	Male	Male	Female
Year of birth	1966	1962	1970	1956	1974
Nationality	German	German	German	Austrian	Swedish
International experience[1]		✓	✓	✓	✓
Educational and professional background	Law/mediation	Business administration/MBA	Business administration	Integrated master's degree in engineering —business and energy management	Biotechnology/electrical engineering
Formal suitability					
Independence[2]	✓	✓	✓	✓	✓
Age limit not breached	✓	✓	✓	✓	✓
Competencies/experience					
Finance (e.g. accounting, controlling, risk management, audit, M&A)	✓	✓[3]	✓[3]	✓	✓
Strategy	✓	✓	✓	✓	✓
Digitalization/IT (e.g. software, processes, data protection)	✓	✓	✓		
Transformation (e.g. product, working models)	✓	✓	✓	✓	✓
HR (e.g. personnel management, employee issues, working environment)	✓	✓	✓	✓	✓
Sustainability/ESG[4]	✓	✓	✓	✓	✓
Industry (e.g. production, procurement)				✓	✓
Innovation, research and development, technology	✓	✓	✓	✓	✓
Sales/Brand		✓	✓	✓	
Capital market	✓	✓	✓	✓	✓

Footnotes are at the bottom of the table

	Ergun Lümali	Michael Bettag	Nadine Boguslawski	Sebastian Fay	Michael Häberle
Tenure					
Joined board in	2014	2015	2021	2024	2018
Term limit not breached	✓	✓	✓	✓	✓
Diversity					
Gender	Male	Male	Female	Male	Male
Year of birth	1962	1961	1977	1984	1969
Nationality	German	German	German	German	German
Educational and professional background	Construction mechanics/ compensation and service policy	Business administration	Electronics engineer	Law	Mechanical engineering business administration
Formal suitability					
Age limit not breached	✓	✓	✓	✓	✓
Competencies/experience					
Finance (e.g. accounting, controlling, risk management, audit, M&A)	✓	✓	✓	✓	✓
Strategy	✓	✓	✓	✓	✓
Digitalization/IT (e.g. software, processes, data protection)					
Transformation (e.g. product, working models)	✓	✓	✓	✓	✓
HR (e.g. personnel management, employee issues, working environment)	✓	✓	✓	✓	✓
Sustainability/ESG[4]	✓	✓	✓	✓	✓
Industry (e.g. production, procurement)	✓		✓	✓	✓
Innovation, research and development, technology	✓		✓		✓
Sales/Brand		✓			
Capital market	✓				

Footnotes are at the bottom of the table

	Gabriela Neher	Michael Peters	Pia Simon	Monika Tielsch	Roman Zitzelsberger
Tenure					
Joined board in	2023	2023	2024	2021	2015
Term limit not breached	✓	✓	✓	✓	✓
Diversity					
Gender	Female	Male	Female	Female	Male
Year of birth	1995	1968	1971	1967	1966
Nationality	German	German	German	German	German
Educational and professional background	Production mechanic/ graphic designer	Sheet metal processor	Business administration	Socioeconomics/mediation	Mechanical engineering/ management
Formal suitability					
Age limit not breached	✓	✓	✓	✓	✓
Competencies/experience					
Finance (e.g. accounting, controlling, risk management, audit, M&A)		✓	✓		✓
Strategy		✓	✓	✓	✓
Digitalization/IT (e.g. software, processes, data protection)	✓			✓	
Transformation (e.g. product, working models)	✓	✓	✓	✓	✓
HR (e.g. personnel management, employee issues, working environment)	✓	✓	✓	✓	✓
Sustainability/ESG[4]	✓	✓	✓	✓	✓
Industry (e.g. production, procurement)	✓	✓	✓	✓	✓
Innovation, research and development, technology				✓	✓
Sales/Brand				✓	
Capital market					✓

1 Only relevant for shareholder representatives.
2 Within the meaning of the German Corporate Governance Code; only relevant for shareholder representatives.
3 Financial expert in accordance with Section 100 Subsection 5 of the German Stock Corporation Act (AktG), Recommendation D.3 DCGK (German Corporate Governance Code).
4 Especially: environmental – green production and logistics, climate and decarbonization strategy; social – people plan, sustainable supply chains; governance – sustainable corporate governance, sustainable finance.


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CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Statement of Income/Loss

In millions of euros	Note	**2024**	2023 (adjusted)
Revenue[1]	5	**145,594**	152,390
Cost of sales[1, 2]	6	**-117,018**	-117,386
Gross profit in relation to revenue[2]		**28,576**	35,004
Selling expenses[2]	6	**-9,993**	-10,270
General administrative expenses[2]	6	**-2,529**	-2,771
Research and non-capitalized development costs	6	**-5,580**	-6,230
Other operating income	7	**2,507**	2,206
Other operating expense	7	**-483**	-516
Gains/losses on equity-method investments, net	14	**1,138**	2,129
Other financial income/expense, net	8	**-37**	108
Earnings before interest and taxes (EBIT)	34	**13,599**	19,660
Interest income	9	**738**	678
Interest expense	9	**-190**	-254
Profit before income taxes		**14,147**	20,084
Income taxes	10	**-3,738**	-5,553
Net profit		**10,409**	14,531
thereof profit attributable to non-controlling interests		**202**	270
thereof profit attributable to shareholders of Mercedes-Benz Group AG		**10,207**	14,261
Earnings per share (in euros)			
For profit attributable to shareholders of Mercedes-Benz Group AG	36		
Basic		**10.19**	13.46
Diluted		**10.19**	13.46

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.
2 For a more suitable presentation, reclassifications have been carried out in the functional costs. The reclassifications are described in Note 1.

Consolidated Statement of Comprehensive Income/Loss

In millions of euros	**2024**	2023
Net profit	**10,409**	14,531
Gains/losses from currency translation	**1,001**	-795
Gains/losses on debt instruments	**9**	14
Gains/losses on derivative financial instruments[1]	**-1,181**	475
Gains/losses on equity-method investments	**3**	-251
Items that may be reclassified to profit/loss in the Statement of Income in the future	**-168**	-557
Actuarial gains/losses from pensions and similar obligations	**1,045**	194
Gains/losses on equity instruments	**-126**	89
Gains/losses on equity-method investments	**23**	-16
Items that will not be reclassified to profit/loss in the Statement of Income	**942**	267
Other comprehensive income/loss after taxes[2]	**774**	-290
thereof income/loss attributable to non-controlling interests after taxes	**5**	-87
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG after taxes	**769**	-203
Total comprehensive income/loss	**11,183**	14,241
thereof income/loss attributable to non-controlling interests	**207**	183
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG	**10,976**	14,058

1 Reclassifications of gains/losses from other comprehensive income relating to derivative financial instruments into the Consolidated Statement of Income/Loss are provided in Note 32.
2 For more information on income taxes included in other comprehensive income see Note 10.

Consolidated Statement of Financial Position

In millions of euros	Note	**2024**	At 31 December 2023 (adjusted)
Assets			
Intangible assets	11	**19,436**	17,593
Property, plant and equipment including right-of-use assets	12	**26,537**	26,090
Equipment on operating leases	13	**45,220**	41,712
Equity-method investments	14	**12,786**	13,104
Receivables from financial services	15	**48,547**	49,742
Marketable debt securities and similar investments	16	**644**	699
Other financial assets	17	**3,020**	4,340
Deferred tax assets	10	**4,335**	4,127
Income tax assets[1]		**327**	318
Other assets[1]	18	**2,391**	1,265
Total non-current assets		**163,243**	158,990
Inventories[2]	19	**26,234**	26,486
Trade receivables	20	**6,973**	7,281
Receivables from financial services[2]	15	**39,320**	39,277
Cash and cash equivalents		**14,511**	15,962
Marketable debt securities and similar investments	16	**7,086**	6,159
Other financial assets	17	**2,868**	3,599
Income tax assets[1]		**1,034**	798
Other assets[1]	18	**3,581**	3,675
Assets held for sale	4	**160**	795
Total current assets		**101,767**	104,032
Total assets		**265,010**	263,022

1 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1.
2 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.

In millions of euros	Note	**2024**	At 31 December 2023 (adjusted)
Equity and liabilities			
Share capital		**3,070**	3,070
Capital reserves		**11,718**	11,718
Retained earnings		**75,469**	76,670
Other reserves		**2,368**	2,571
Treasury shares		**0**	-2,256
Equity attributable to shareholders of Mercedes-Benz Group AG		**92,625**	91,773
Non-controlling interests		**1,005**	1,043
Total equity	21	**93,630**	92,816
Provisions for pensions and similar obligations	23	**952**	1,090
Provisions for other risks	24	**7,332**	7,345
Financing liabilities	25	**73,487**	63,724
Other financial liabilities	26	**1,490**	1,642
Deferred tax liabilities	10	**7,497**	7,714
Contract and refund liabilities[1]	27	**3,100**	2,658
Income tax liabilities[2]		**1,342**	1,473
Other liabilities[2]	28	**1,354**	1,270
Total non-current liabilities		**96,554**	86,916
Trade payables[2]		**11,312**	12,705
Provisions for other risks	24	**7,688**	7,955
Financing liabilities[2]	25	**39,311**	45,707
Other financial liabilities[2]	26	**4,071**	4,357
Contract and refund liabilities[1]	27	**8,146**	7,733
Income tax liabilities[2]		**705**	948
Other liabilities[2]	28	**3,547**	3,661
Liabilities held for sale	4	**46**	224
Total current liabilities		**74,826**	83,290
Total equity and liabilities		**265,010**	263,022

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.
2 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1.

Consolidated Statement of Cash Flows

In millions of euros	**2024**	2023 (adjusted)
Profit before income taxes	**14,147**	20,084
Depreciation and amortization/impairments	**6,772**	6,663
Other non-cash expense and income	**-1,362**	-2,369
Gains (-)/losses (+) from disposals of non-current assets	**18**	-92
Change in operating assets and liabilities		
Inventories[1]	**737**	-2,420
Trade receivables and trade payables	**-1,199**	1,310
Receivables from financial services[1]	**3,280**	-6,125
Vehicles on operating leases	**-3,110**	-640
Other operating assets and liabilities	**986**	1,624
Dividends received from equity-method investments	**1,918**	2,056
Income taxes paid	**-4,452**	-5,621
Cash flow from operating activities	**17,735**	14,470
Additions to property, plant and equipment	**-4,039**	-3,745
Additions to intangible assets	**-4,626**	-4,468
Cash inflows from disposals of property, plant and equipment and intangible assets	**188**	285
Investments in shareholdings	**-363**	-334
Cash inflows from disposals of shareholdings and other business operations	**716**	612
Acquisition of marketable debt securities and similar investments	**-6,785**	-4,714
Cash inflows from sales of marketable debt securities and similar investments	**6,160**	5,021
Other cash flows	**-1**	28
Cash flow from investing activities	**-8,750**	-7,315

In millions of euros	**2024**	2023 (adjusted)
Change in short-term financing liabilities	**-3,171**	-512
Additions to long-term financing liabilities	**38,338**	39,288
Repayment of long-term financing liabilities	**-35,355**	-39,473
Dividend paid to shareholders of Mercedes-Benz Group AG	**-5,486**	-5,556
Dividends paid to non-controlling interests	**-239**	-324
Acquisition of treasury shares	**-4,921**	-1,941
Other cash inflows	**82**	127
Cash flow from financing activities	**-10,752**	-8,391
Effect of foreign exchange-rate changes on cash and cash equivalents	**311**	-471
Net decrease in cash and cash equivalents	**-1,456**	-1,707
Cash and cash equivalents at beginning of year	**15,972**	17,679
less cash and cash equivalents classified as assets held for sale at beginning of year	**10**	–
Cash and cash equivalents at beginning of year (Consolidated Statement of Financial Position)	**15,962**	17,679
Cash and cash equivalents at end of year	**14,516**	15,972
less cash and cash equivalents classified as assets held for sale at end of year	**5**	10
Cash and cash equivalents at end of year (Consolidated Statement of Financial Position)	**14,511**	15,962

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.

Consolidated Statement of Changes in Equity

				Other reserves						
In millions of euros	Share capital	Capital reserves	Retained earnings	Difference of currency translation	Equity instruments/ debt instruments	Derivative financial instruments	Treasury shares	**Equity attributable to shareholders of Mercedes-Benz Group AG**	Non-controlling interests	**Total equity**
Balance at 1 January 2023	3,070	11,718	67,695	2,161	-241	1,012	–	85,415	1,125	86,540
Net profit	–	–	14,261	–	–	–	–	14,261	270	14,531
Other comprehensive income/loss after taxes	–	–	185	-962	98	476	–	-203	-87	-290
Total comprehensive income/loss	–	–	14,446	-962	98	476	–	14,058	183	14,241
Dividends	–	–	-5,556	–	–	–	–	-5,556	-327	-5,883
Capital increase	–	–	–	–	–	–	–	–	62	62
Acquisition of treasury shares	–	–	–	–	–	–	-2,322	-2,322	–	-2,322
Issue and disposal of treasury shares	–	–	–	–	–	–	66	66	–	66
Other	–	–	85	–	1	26	–	112	–	112
Balance at 31 December 2023	3,070	11,718	76,670	1,199	-142	1,514	-2,256	91,773	1,043	92,816
Balance at 1 January 2024	**3,070**	**11,718**	**76,670**	**1,199**	**-142**	**1,514**	**-2,256**	**91,773**	**1,043**	**92,816**
Net profit	**–**	**–**	**10,207**	**–**	**–**	**–**	**–**	**10,207**	**202**	**10,409**
Other comprehensive income/loss after taxes	**–**	**–**	**1,045**	**1,048**	**-93**	**-1,231**	**–**	**769**	**5**	**774**
Total comprehensive income/loss	**–**	**–**	**11,252**	**1,048**	**-93**	**-1,231**	**–**	**10,976**	**207**	**11,183**
Dividends	**–**	**–**	**-5,486**	**–**	**–**	**–**	**–**	**-5,486**	**-242**	**-5,728**
Changes in the consolidated group	**–**	**–**	**138**	**–**	**–**	**–**	**–**	**138**	**-10**	**128**
Capital increase	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5**	**5**
Acquisition of treasury shares	**–**	**–**	**–**	**–**	**–**	**–**	**-4,809**	**-4,809**	**–**	**-4,809**
Issue and disposal of treasury shares	**–**	**–**	**-6,992**	**–**	**–**	**–**	**7,065**	**73**	**–**	**73**
Other	**–**	**–**	**-113**	**–**	**87**	**-14**	**–**	**-40**	**2**	**-38**
Balance at 31 December 2024	**3,070**	**11,718**	**75,469**	**2,247**	**-148**	**269**	**–**	**92,625**	**1,005**	**93,630**

Notes to the Consolidated Financial Statements

1. Material accounting policies

General information

The Mercedes-Benz Group is a vehicle manufacturer with a worldwide product range of premium cars. Its product portfolio is rounded off by a range of financial services, product-related mobility services and the installation of a charging infrastructure. The Group comprises the segments Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility.

Mercedes-Benz Group AG is the parent company of the Mercedes-Benz Group.

Mercedes-Benz Group AG is a stock corporation organized under the laws of the Federal Republic of Germany. The company is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 120, 70372 Stuttgart, Germany.

The Consolidated Financial Statements of Mercedes-Benz Group AG are presented in euros (€). Unless otherwise stated, all amounts are given in millions of euros. All figures shown are rounded.

The Board of Management of Mercedes-Benz Group AG authorized the Consolidated Financial Statements for publication on 11 March 2025.

Basis of preparation

Applied IFRS

The Consolidated Financial Statements of Mercedes-Benz Group AG and its subsidiaries (“Mercedes-Benz Group” or “the Group”) as of 31 December 2024 have been prepared in accordance with Section 315e of the German Commercial Code (HGB) (Consolidated Financial Statements in accordance with International Financial Reporting Standards) and comply with the International Financial Reporting Standards (IFRS) in the form in which they must be applied in the European Union (EU) as of 31 December 2024.

IFRS issued, not yet EU endorsed and not yet adopted in the reporting period

In April 2024 the IASB issued the standard IFRS 18 Presentation and Disclosure in Financial Statements. The aim of the standard is to improve the presentation of financial information as well as to increase the transparency and comparability of financial statements. IFRS 18 will in future replace IAS 1 Presentation of Financial Statements. The application of IFRS 18 is mandatory for reporting periods beginning on or after 1 January 2027 (subject to EU endorsement). Earlier application is permitted but not planned in the Mercedes-Benz Group. The Mercedes-Benz Group currently does not expect any material impacts on the Group’s profitability, liquidity and capital resources, and financial position due to the application of IFRS 18.

In December 2024, the IASB published amendments to IFRS 9 and IFRS 7 for Contracts Referencing Nature-dependent Electricity. The amendments extend the own-use exemption and the scope of hedge accounting with regard to energy supplies from nature-dependent sources. The application will be mandatory for reporting periods beginning on or after 1 January 2026 (subject to EU endorsement). Earlier application is permitted. The Mercedes-Benz Group currently does not expect any material impacts on the Group’s

profitability, liquidity and capital resources, and financial position due to the application of the amendments to IFRS 9 and IFRS 7.

In addition, other standards and interpretations were published which are not expected to have any significant impact on the Consolidated Financial Statements.

Presentation

Presentation in the Consolidated Statement of Financial Position differentiates between current and non-current assets and liabilities. Assets and liabilities are generally classified as current if they are expected to be realized or settled within one year. Deferred tax assets and liabilities as well as assets and provisions for pensions and similar obligations are presented as non-current items.

The Consolidated Statement of Income is presented using the cost-of-sales method.

Changes in presentation made during the reporting year

In the reporting year, the following changes were made to improve the presentation of the Consolidated Statement of Income and the Consolidated Statement of Financial Position. The impacts on profitability, liquidity and capital resources, and financial position are of minor importance. For error corrections made in the previous year within the meaning of IAS 8.41 ff., please refer to the note Corrections in accordance with IAS 8.

As of 31 December 2024, a change was made to the elimination of intra-Group income and expenses, which resulted in reclassifications within the functional costs. The following table shows the reclassifications within the Group and in the segments of the years 2024 and 2023.

Reclassifications in the functional costs in the years 2024 and 2023

In millions of euros	**2024**	2023
Mercedes-Benz Group		
Cost of sales	**713**	625
Selling expenses	**-529**	-542
General administrative expenses	**-184**	-83
	–	–
Mercedes-Benz Cars		
Cost of sales	**443**	396
Selling expenses	**-364**	-354
General administrative expenses	**-79**	-42
	–	–
Mercedes-Benz Vans		
Cost of sales	**45**	64
Selling expenses	**-42**	-62
General administrative expenses	**-3**	-2
	–	–
Mercedes-Benz Mobility		
Cost of sales	**–**	–
Selling expenses	**–**	–
General administrative expenses	**–**	–
	–	–
Reconciliation		
Cost of sales	**225**	165
Selling expenses	**-123**	-126
General administrative expenses	**-102**	-39
	–	–

As of 31 December 2023, income taxes claims of €1,116 million were reported in other assets. Income tax liabilities of €2,421 million were included in other liabilities. To increase transparency, income tax assets and income tax liabilities will be shown separately in the Consolidated Statement of Financial Position from 31 December 2024. The deferred income will be shown in other liabilities from 31 December 2024. For better comparability, the figures of the previous year have been adjusted accordingly.

For reasons of materiality, deferred income does not represent separate lines in the Consolidated Statement of Financial Position and is shown in other liabilities from 31 December 2024. For better comparability, the figures of the previous year have been adjusted accordingly. The corresponding values are shown in the note on other liabilities.

As of 31 December 2024, non-derivative financial instruments are reported including the corresponding accrued interest. This means that, in particular, deferred interest expense relating to financing liabilities that was previously shown separately under other financial liabilities is now accounted for under financing liabilities. As of 31 December 2024, €1,028 million was therefore reclassified from other financial liabilities to financing liabilities. For better comparability a corresponding amount of €793 million was reclassified as of 31 December 2023. In this context, the tables Cash flows included in Cash flow from operating activities and Changes in liabilities arising from financing activities in the note on Consolidated Statement of Cash flows were adjusted accordingly.

From 2024, liabilities from customs duties and excise taxes are shown uniformly in other liabilities. The item amounted to €223 million as of 31 December 2024. As of 31 December 2023, €326 million and €123 million of the current other financial liabilities and of the trade payables of the previous years were reclassified to current other liabilities for better comparability.

Principles of consolidation

The Consolidated Financial Statements include the financial statements of Mercedes-Benz Group AG and the financial statements of all subsidiaries, including structured entities, which are directly or indirectly controlled by Mercedes-Benz Group AG. Control exists if the parent company has the power of decision over a subsidiary based on voting rights or other rights, if it participates in positive and negative variable returns from a subsidiary, and if it can affect these returns by its power of decision.

Structured entities are entities which have been designed so that voting or similar rights are not relevant in deciding who controls the entity. This is the case for example if voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The financial statements of consolidated subsidiaries which are included in the Consolidated Financial Statements are generally prepared as of the reporting date of the Consolidated Financial Statements. The financial statements of Mercedes-Benz Group AG and its companies included in the Consolidated Financial Statements are prepared using uniform recognition and measurement principles. Intra-Group assets and liabilities, equity, income and expenses as well as cash flows from transactions between consolidated entities are eliminated in the course of the consolidation process.

Business combinations and changes in equity interests

Business combinations are accounted for using the purchase method. In connection with obtaining control, non-controlling interest in the acquiree is in principle recognized at the proportionate share of the acquiree's identifiable assets, which are measured at fair value.

Changes in equity interests in subsidiaries that reduce or increase the Mercedes-Benz Group's percentage ownership without a change of control are accounted for as equity transactions between owners. If the Group loses control of a subsidiary, the difference between the carrying amounts of the transferred assets and liabilities as well as the consideration received is generally reported in other operating income or expense. Amounts that were previously recognized in other comprehensive income/loss are recognized in other operating income or expense upon loss of control. If realization is not permitted, they are reclassified to retained earnings.

Investments in associated companies, joint ventures or joint operations

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Associated companies are generally accounted for using the equity method.

For entities over which the Mercedes-Benz Group has joint control together with a partner (joint arrangements), it is necessary to differentiate between whether a joint operation or a joint venture exists. In a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement. For joint ventures, the equity method has to be applied. A joint operation exists when the jointly controlling parties have direct rights to the assets and obligations for the liabilities. In this case, the prorated assets and liabilities and the prorated income and expenses are generally to be recognized (proportionate consolidation).

If the financial statements of associated companies, joint ventures or joint operations should not be available in good time, the Group's proportionate share of the results of operations is included in the Mercedes-Benz Group's Consolidated Financial Statements with up to three-month time lag taking into account significant events or transactions.

Entities measured at amortized cost

Subsidiaries, associated companies, joint ventures and joint operations whose business is non-active or of low volume and that individually and in sum are not material for the Group and the fair presentation of profitability, liquidity and capital resources, and financial position are generally measured at amortized cost in the Consolidated Financial Statements.

Foreign currency translation

Transactions in foreign currency are translated at the relevant foreign exchange rates prevailing at the transaction date. In subsequent periods, assets and liabilities denominated in foreign currency are translated using period-end exchange rates; gains and losses from this measurement are recognized in profit and loss (except for gains and losses resulting from the translation of equity instruments measured at fair value through other comprehensive income, which are recognized in other comprehensive income/loss).

Assets and liabilities of foreign companies for which the functional currency is not the euro are translated into euros using period-end exchange rates. The translation adjustments are presented in other comprehensive income/loss. The components of equity are translated using historical rates. The statements of income and cash flows are translated into euros using the quarterly average exchange rates during the respective periods.

The exchange rates providing the basis for the currency translation of the US dollar, Japanese yen and the Chinese renminbi – the most significant foreign currencies for the Mercedes-Benz Group – developed as shown in the following table.

Exchange rates

			2024			2023
	USD	CNY	JPY	USD	CNY	JPY
	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =
Average exchange rate on 31 December	**1.0389**	**7.5833**	**163.0600**	1.1050	7.8509	156.3300
Average exchange rates during the respective period						
First quarter	**1.0858**	**7.8048**	**161.1500**	1.0730	7.3419	141.9800
Second quarter	**1.0767**	**7.7974**	**167.7700**	1.0887	7.6441	149.7200
Third quarter	**1.0983**	**7.8701**	**163.9500**	1.0884	7.8856	157.2500
Fourth quarter	**1.0681**	**7.6754**	**162.5486**	1.0751	7.7712	159.1200

Hyperinflation

To determine whether a country is to be considered as in hyperinflation, the Mercedes-Benz Group refers to the list published by the International Practices Task Force (IPTF), the Center for Audit Quality or other relevant international publications. If a country is in hyperinflation, IAS 29 Financial Reporting in Hyperinflationary Economies has to be applied from the beginning of the respective reporting period, i.e., from 1 January of the respective year. Argentina and Turkey are currently considered as in hyperinflation.

The effects of taking into account the devaluation of the monetary balance sheet items of subsidiaries in countries in hyperinflation are therefore recognized in profit or loss and are included in the Consolidated Statement of Income under other operating expense or other operating income and interest income and interest expense.

Due to the close economic relationship, the effects from the recognition of the inflation effect together with the conversion effect from the translation are presented as a currency effect in accordance with IAS 21. Both effects are presented on a net basis in other comprehensive income and in the reserve for currency translation.

For companies that use hyperinflation accounting, the profit and loss statements and the cash flow statements are converted into euros using the exchange rates at the end of the period.

Accounting policies

Revenue recognition

Revenue from sales of vehicles, spare parts and other related products is recognized when control of the goods is transferred to the customer. This generally occurs at the time the customer takes possession of the products. Payment is usually also made at this point, unless it involves proceeds from leasing and financing packages for end customers and dealers.

If a dealer is not classified as a principal but as an agent and therefore control of vehicles is not transferred to him, sales revenue is only recorded when the end customer obtains control. The brokerage commissions payable to the dealer are shown in selling expenses.

Revenue recognition from the sale of vehicles for which the Group enters into a repurchase obligation is dependent on the form of the repurchase agreement.

- Sales of vehicles in which the Mercedes-Benz Group is obliged to repurchase the vehicles in the future are accounted for as operating leases. This also applies to a call option that grants the Mercedes-Benz Group the right to repurchase.
- Sales of vehicles including a put option (an entity's obligation to repurchase the asset at the customer's request) are reported as operating leases if the customer has a significant economic incentive to exercise that right at contract inception. Otherwise, a sale with a right of return is reported. The Mercedes-Benz Group considers several factors when assessing whether the customer has a significant economic incentive to exercise his or her right. Among others, these are the relation between the agreed repurchase price and the expected future market value (at the time of repurchase) of the asset, or historical return rates.

Arrangements such as when the Mercedes-Benz Group provides a customer with a guaranteed minimum resale value that they receive on resale (residual-value guarantee) do not constrain the customer in their ability to direct the use of and obtain substantially all of the benefits from the asset. At contract inception of a sale with a residual-value guarantee, revenue therefore has to be recognized, reduced by a potential compensation payment to the customer (revenue deferral).

Under a contract manufacturing agreement, the Mercedes-Benz Group sells assets to a third-party manufacturer from which the Mercedes-Benz Group buys back the manufactured products after completion of the commissioned work. If the provision of material is not associated with the transfer of control to the service provider, no revenue is recognized.

For certain products sold by the Group, it offers extended, separately priced warranties that go beyond the statutory period, as well as service and maintenance contracts. Usual for such contracts is an advance payment or the payment of constant instalments over the term of the contract. If the customer has made an advance payment, the revenue from these contracts is deferred as a contract liability and recognized as revenue over the term of the contract in proportion to the costs expected to be incurred based on historical information. A future loss on these contracts is recognized in the current reporting year if the expected costs for outstanding services under the contract exceed unearned revenue.

For multiple-element arrangements, such as when vehicles are sold with free or reduced-in-price maintenance contracts or with free online services, the Group generally allocates revenue to the various elements based on their estimated relative stand-alone selling prices. To determine stand-alone selling prices, the Mercedes-Benz Group primarily uses price lists with consideration of average price reductions granted to its customers.

Depending on the sales model, vehicles may be initially sold to non-Group dealers. When control of the vehicle is transferred to the non-Group dealer, the Mercedes-Benz Group recognizes revenue from the sale of the vehicle. Irrespective of this, an end customer can decide to enter into a leasing contract with Mercedes-Benz Mobility regarding such a vehicle. The vehicle is then sold by the non-Group dealer to Mercedes-Benz Mobility.

The incremental cost of obtaining contracts is recognized as an expense when incurred if the amortization period would be no longer than one year.

The Mercedes-Benz Group does not adjust the promised amount of consideration for the effects of a significant financing component if at contract inception it is expected that the period between the transfer of a promised asset or service to a customer and payment by the customer will be no longer than one year.

Revenue also includes revenue from the rental and leasing business as well as interest from the financial services business at Mercedes-Benz Mobility. Revenue generated from operating leases is recognized on a straight-line basis over the periods of the contracts. In addition, sales revenue is generated at the end of lease contracts from the subsequent sale of the vehicles. Revenue from finance leases that are based on vehicles manufactured by the Mercedes-Benz Group is recorded in accordance with the regulations for lessors who are manufacturers or dealers. Revenue from receivables from financial services is recognized using the effective-interest method.

The Mercedes-Benz Group uses a variety of sales promotion programmes dependent on various market conditions in individual countries as well as the respective product life cycles and product-related factors (such as amounts of discounts offered by competitors, excess industry production capacity, the intensity of market competition and consumer demand for the products). These programmes comprise cash offers to dealers and customers as well as lease subsidies or loans at reduced interest rates which are reported as follows:

- Revenue is recognized net of sales reductions such as cash discounts and sales incentives granted.
- When loans are issued below market rates, related receivables are recognized at present value (using market rates) and revenue is reduced for the interest incentive granted.
- If subsidized leasing fees are agreed upon in connection with finance leases, revenue from the sale of a vehicle is reduced by the amount of the interest incentive granted.

Research and non-capitalized development costs

Expenditure for research and development that does not meet the conditions for capitalization according to IAS 38 Intangible Assets is expensed as incurred.

Borrowing costs

Borrowing costs are expensed as incurred, unless they are attributable to the acquisition, construction or production of a qualifying asset and are therefore part of the acquisition or manufacturing costs of that asset. Depreciation of the capitalized borrowing costs is presented within cost of sales.

Government grants

Government grants related to assets are deducted from the carrying amount of the asset and are recognized in earnings over the life of a depreciable asset as a reduced depreciation expense. Government grants which compensate the Group for expenses are recognized as other operating income in the same period as the expenses themselves.

Gains/losses on equity-method investments

This item includes all income and expenses in connection with investments accounted for using the equity method. In addition to the prorated profits and losses from financial investments, it also includes profits and losses resulting from the sale of equity interests or the remeasurement of equity interests following a loss of significant influence or joint control. The Mercedes-Benz Group's share of dilution gains and losses resulting from the Group's non-participation or subproportional participation in capital increases of companies in which shares are held and are accounted for using the equity method is also included in gains/losses on equity-method investments. Non-participation or subproportional participation in capital reductions is recorded as fictitious acquisition transactions. This item also includes impairment losses and/or gains on the reversal of such impairments of equity-method investments.

Other financial income/expense

Other financial income/expense depicts all income and expense from financial transactions which are included neither in interest income nor in interest expense, and which for Mercedes-Benz Mobility are included neither in revenue nor in cost of sales.

Furthermore, income and expenses from equity interests are included in other financial income/expense if such income or expenses are not presented under gains/losses on equity-method investments.

Interest income and interest expense

Interest income and interest expense include interest income from investments in securities and from cash and cash equivalents as well as interest expense from liabilities. Furthermore, interest and changes in fair values related to interest rate hedging activities as well as income and expense resulting from the allocation of premiums and discounts are included. The interest components of defined benefit pension commitments and other similar obligations, as well as of the plan assets available to cover these obligations and interest on supplementary income tax payments or reimbursements are also presented in this line item.

Interest income and expense and gains or losses from derivative financial instruments related to the financial services business are disclosed under revenue and cost of sales respectively.

Expense from the compounding of interest on provisions for other risks is presented in other financial income/expense.

Income taxes

Income taxes are comprised of current income taxes and deferred taxes.

Current income taxes are calculated based on the respective local taxable income and local tax rules for the period. The calculation of income taxes of Mercedes-Benz Group AG and its subsidiaries is based on the legislation and regulations applicable in the various countries. In addition, current income taxes presented for the reporting year include adjustments for uncertain tax payments or tax refunds for periods not yet finally assessed; however, excluding interest expenses and interest refunds and penalties on the underpayment of taxes. In cases for which it is probable that amounts declared as expenses in the tax returns might not be recognized (uncertain tax positions), a liability for income taxes is recognized. The amount is based on the best estimate of the expected tax payment (expected amount or most likely amount). Tax refund claims from uncertain tax positions are recognized when it is probable that they can be realized. Only in the case of tax-loss

carryforwards or unused tax credits, no liability for taxes or tax claim is recognized for these uncertain tax positions. Instead, the deferred tax assets for the unused tax-loss carryforwards or tax credits are adjusted.

Changes in deferred tax assets and liabilities are generally recognized through profit and loss in deferred taxes in the Consolidated Statement of Income, except for changes recognized in other comprehensive income/loss or directly in equity.

Deferred tax assets or liabilities are calculated on the basis of temporary differences between the tax basis and the financial reporting of assets and liabilities including differences from consolidation, on unused tax-loss carryforwards and unused tax credits. Measurement is based on the tax rates expected to be effective in the period in which an asset is recognized or a liability is settled. For this purpose, those tax rates and tax rules are used which have been enacted at the reporting date or are soon to be enacted. Deferred tax assets are recognized to the extent that it is probable that there will be future taxable income available against which the deductible temporary differences, tax-loss carryforwards and tax credits can be utilized.

Deferred tax liabilities for taxable temporary differences in connection with investments in subsidiaries, branches, associated companies and interests in joint arrangements are not recognized if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

For the calculation of deferred tax assets, assumptions have to be made regarding future taxable income and the time of realization of the deferred tax assets. In this context, the Mercedes-Benz Group takes into consideration, among other things, the projected earnings from business activities, the effects on earnings of the reversal of taxable temporary differences, and realizable tax strategies. On each balance sheet date, the Mercedes-Benz Group carries out impairment tests on deferred tax assets on the basis of the planned taxable income in future years. Deferred tax assets are only recognized if it is more likely than not that future tax benefits can be realized.

Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Mercedes-Benz Group AG by the weighted average number of shares outstanding.

Intangible assets

Intangible assets are measured at acquisition or manufacturing cost less accumulated amortization. If necessary, accumulated impairment losses are recognized.

Intangible assets with indefinite useful lives are reviewed annually to determine whether indefinite-life assessment continues to be appropriate. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

Development costs for vehicles and components are capitalized if the recognition criteria according to IAS 38 are met. Subsequent to initial recognition, the asset is carried at acquisition or manufacturing costs less accumulated amortization and accumulated impairment losses. Capitalized development costs include all direct costs and pro-rata allocable overheads. Capitalized development costs for vehicles and vehicle components are amortized on a straight-line basis over the expected product life cycle. The planned product lifespan only exceeds ten years in individual cases. The assessment also takes into account possible impacts from the transformation of the automotive industry, such as the transition to electric drive systems. Amortization of capitalized development costs is an element of manufacturing costs and is allocated to those vehicles and components by which they were generated and is included in cost of sales when the inventory (vehicles) is sold.

Other intangible assets with finite useful lives are generally amortized on a straight-line basis over their useful lives (three to ten years). The amortization period for intangible assets with finite useful lives is reviewed at least at the end of each reporting year. Changes in expected useful lives are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recorded in functional costs.

With acquisitions of businesses, goodwill represents the excess of the consideration transferred over the fair values assigned to the identifiable assets proportionally acquired and liabilities assumed. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries.

Emission allowances (e.g. emission permits from the EU emissions trading system or the vehicle-related emissions regulations in the United States or China) to compensate for CO_2 emissions are also reported under intangible assets. These certificates and rights are stated at acquisition cost. Derecognition occurs at the time the certificates or rights are returned or upon sale or expiration. Obligations to surrender emission allowances are recognized as provisions valued at the acquisition costs of emission allowances that have already been purchased. Any excess obligation that may exist is valued at the market value of the emission allowances still to be acquired.

Property, plant and equipment

Property, plant and equipment are measured at acquisition or manufacturing costs less accumulated depreciation. If necessary, accumulated impairment losses are recognized.

The costs of internally produced equipment and facilities include all direct costs and allocable overheads. Acquisition or manufacturing costs include the estimated costs, if any, of dismantling and removing the item and restoring the site as well as borrowing costs.

Depreciable property, plant and equipment are written down by scheduled depreciation over the corresponding useful life, generally on a straight-line basis. The useful lives of property, plant and equipment are shown in the following table.

Useful lives of property, plant and equipment	
Buildings and site improvements	10 to 50 years
Technical equipment and machinery	5 to 25 years
Other equipment, factory and office equipment	3 to 30 years

Leasing

Leases include all contracts that transfer the right to use a specified asset for a stated period of time in exchange for consideration, even if the transfer of the right to use such asset is not explicitly described in the contract. The Group is a lessee mainly of real estate properties and a lessor of its products.

The Mercedes-Benz Group as lessee

The Mercedes-Benz Group as a lessee recognizes for generally all lease contracts right-of-use assets as well as leasing liabilities for the outstanding lease payments. Variable lease payments that are not included in the initial recognition of the right-of-use asset are recognized as an expense for the period.

The Mercedes-Benz Group applies both recognition exemptions for leases with a lease term of twelve months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets, which are included under property, plant and equipment, are initially recognized at cost. The cost of a right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. All leasing incentives already received from the lessor are deducted.

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments still to be made. The lease liabilities include the following lease payments:

- fixed payments including de facto fixed payments less lease incentives receivables from the lessor,
- variable lease payments linked to an index or interest rate,
- amounts expected to be payable under residual-value guarantees,
- the exercise price of a purchase option, when exercise is estimated to be reasonably certain, and
- contractual penalties for the termination of a lease if the lease term reflects the exercise of a termination option.

The Mercedes-Benz Group generally also applies the option for contracts comprising lease components as well as non-lease components not to split these components.

Lease payments are discounted at the rate implicit in the lease if that rate can readily be determined. Otherwise, discounting is at the incremental borrowing rate. This incremental borrowing rate as a risk-adjusted interest rate is derived on a maturity- and currency specific basis. As the cash flow pattern of the reference interest rates (bullet bonds) does not correspond to the cash flow pattern of a lease contract (annuity), a duration adjustment in order to account for that difference is used.

A right-of-use asset is subsequently measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term. According to IFRS 16, the depreciation of right-of-use assets is recognized within functional costs.

In the subsequent measurement of a lease liability, the carrying amount is increased to reflect interest on the lease liability and reduced to reflect the lease payments made. The interest due on the lease liability is a component of interest expense. Extension and termination options are part of a number of leases particularly of real estate. In determining the lease term, those options are only considered if their exercise is reasonably certain. During the term, these options are regularly checked with regard to their probability of being exercised.

The Mercedes-Benz Group as lessor (equipment on operating leases)

The opportunities and risks associated with a leased asset are used to assess whether economic ownership of the leased asset is attributable to the lessor (operating leases) or the lessee (finance leases) as part of the lease of a Group product.

For **operating leases** the economic ownership of the vehicle remains at the Mercedes-Benz Group. Additionally, an operating lease may have to be reported with sales of vehicles for which the Group enters into a repurchase obligation.

For operating leases in particular, certain assumptions are regularly made about the residual value of returns from leasing transactions. If changing market developments at the balance sheet date lead to a negative deviation from previously estimated assumptions, the residual value must be adjusted or an impairment carried out. Depending on the region and the current market situation, the risk-mitigation measures taken generally include continuous market monitoring as well as, if required, price-setting strategies or sales-promotion measures designed to regulate vehicle inventories. Market forecasts are verified by regular comparisons of internal and external sources, and, if required, the determination of residual values is adjusted and further developed with regard to methods, processes and systems.

In the case of accounting as an operating lease, these vehicles are capitalized at the (amortized) cost of production under equipment on operating leases and are depreciated over the contract term on a straight-line basis with consideration of the expected residual values. Changes in the expected residual values lead either to prospective adjustments of the scheduled depreciation or, if necessary, to an impairment loss. The vehicles are allocated to the segment which bears substantially all of the residual-value risk. Excluded from this are the operating lease agreements described in the following paragraph.

Operating leases also relate to vehicles, primarily Group products, that Mercedes-Benz Mobility acquires from non-Group dealers or other third parties and leases to end customers. These vehicles are presented at (amortized) cost of acquisition under equipment on operating leases in the Mercedes-Benz Mobility segment. If these vehicles are Group products and are subsidized, the subsidy is passed on to the external customer as part of the leasing contract. This leads to a reduction in acquisition costs and a corresponding reduction of revenue from vehicle sales. After revenue is received from the sale to independent dealers, these Group products generate revenue from lease payments and subsequent resale on the basis of the separate leasing contracts.

In the case of **finance leases**, the Group presents the receivables under receivables from financial services in an amount corresponding to the net investment of the lease agreements. The net investment of a lease agreement is the gross investment (future lease payments and non-guaranteed residual value) discounted at the rate upon which the lease agreement is based.

Mercedes-Benz Mobility continues the leasing and sales-financing business for Daimler Truck's commercial vehicles in some markets. To this end, Mercedes-Benz Mobility acquires these vehicles from Daimler Truck and leases them to the end customers. Insofar as a mandatory vehicle return to Daimler Truck has been agreed, a leasing contract (head lease) between Mercedes-Benz Mobility and Daimler Truck is shown. The contract between Mercedes-Benz Mobility and the end customer constitutes a sublease in this respect. In addition to the finance lease, Mercedes-Benz Mobility recognizes a residual-value receivable from the Daimler Truck Group in the amount of the guaranteed residual value. The head lease is not recorded separately.

Impairment of non-current non-financial assets

The Mercedes-Benz Group assesses at each reporting date whether there is an indication that an asset may be impaired or whether there is an indication that a previously recognized impairment loss may be reversed. If such indication exists, the Mercedes-Benz Group estimates the recoverable amount of the asset. The recoverable amount is determined for each individual asset unless the asset generates cash inflows that are not largely independent of those from other assets or other groups of assets (cash-generating units).

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may be reversed. If this is the case, the Mercedes-Benz Group records a partial or entire reversal of the impairment; the carrying amount is thereby increased to the recoverable amount. However, the increased carrying amount may not exceed the carrying amount that would have been determined (net of scheduled depreciation) if no impairment loss had been recognized in prior years.

Goodwill and other intangible assets with indefinite useful lives are tested at least annually for impairment. This takes place at the level of the cash-generating units. The cash-generating units Mercedes-Benz Cars and Mercedes-Benz Vans basically correspond to the segments. At Mercedes-Benz Mobility, impairment testing is carried out below segment level. A distinction is made between the cash-generating unit Mercedes-Benz Mobility Classic (traditional financial services business) and several region-specific cash-generating units at Charging Solutions (development of a global high-power charging network). As the cash-generating units related to Charging Solutions had neither goodwill nor other intangible assets with indefinite useful lives in 2024 and there was no indication of impairment in 2024, it was not necessary to calculate the recoverable amount.

If it is determined that the carrying amount of an asset or of a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized for the difference.

The recoverable amount is the higher of fair value less costs of disposal and value in use. For cash-generating units, the Mercedes-Benz Group in a first step determines the respective recoverable amount as value in use and compares it with the respective carrying amounts (including goodwill). If value in use is lower than the carrying amount, fair value less costs of disposal is additionally calculated to determine the recoverable amount.

Value in use is measured by discounting expected future cash flows from the continuing use of the cash-generating units using a risk-adjusted interest rate. Future cash flows are determined on the basis of the long-term planning, which is approved by management and which is valid at the date when the impairment test is conducted. This planning, which covers the period up to and including 2029, is based on assumptions, including those regarding future sales volumes, the general development of the respective markets and the profitability of the products, taking into account the effects of the transformation of the automotive industry and the expected macroeconomic developments. In the detailed planning period, an increase in unit sales and revenue is assumed for the cash-generating units Mercedes-Benz Cars and Mercedes-Benz Vans. Thereby, an increase in the proportion of electric vehicles is assumed; however, due to changes or uncertainties in the market environment and customer behaviour, a slower increase and thus a lower share of electric vehicles is assumed in the planning period than previously. Based on the sales planning of the cash-generating units Mercedes-Benz Cars and Mercedes-Benz Vans, the planning of the cash-generating unit Mercedes-Benz Mobility Classic assumes an increase in the portfolio in the detailed planning period. The assumptions used for planning are checked for plausibility both against historical developments and against external sources of information (e.g. market studies). The rounded, risk-adjusted interest rates determined specifically for the respective cash-generating unit and used to discount the cash flows are 9.5% (2023: 9.5%) after taxes for the Mercedes-Benz

Cars and Mercedes-Benz Vans cash-generating units. A risk-adjusted interest rate of 10% (2023: 10%) after taxes is used for the Mercedes-Benz Mobility Classic cash-generating unit. The interest rates after taxes mentioned above correspond to interest rates before taxes between 12.8% and 14% (2023: 13.4% and 14%).

While the discount rate for the Mercedes-Benz Mobility Classic cash-generating unit represents the cost of equity, the risk-adjusted interest rate for the Mercedes-Benz Cars and Mercedes-Benz Vans cash-generating units is based on the weighted average cost of capital (WACC). This is calculated based on the capital asset pricing model (CAPM), taking into account current market expectations. In calculating the risk-adjusted interest rate for impairment test purposes, specific peer group information is used for beta factors, capital structure data and cost of debt. Periods not covered by the forecast are taken into account by recognizing a residual value (terminal value), which does not include any growth rates. When deriving the terminal value, assumptions regarding the effects of the transformation of the automotive industry are also taken into account, analogous to the detailed planning period. While the recoverable amount of the Mercedes-Benz Cars and Mercedes-Benz Vans cash-generating units significantly exceeds the carrying amount, the recoverable amount of the Mercedes-Benz Mobility Classic cash-generating unit is close to the carrying amount.

In addition, a risk assessment is carried out for both the detailed planning period and the terminal value, which takes into account additional risks compared to the approved corporate planning or an increase in the risks already included in corporate planning. These include, for example, market risks, risks regarding the price development of raw materials as well as risks resulting from legal and political framework conditions (e.g. in connection with sustainability aspects such as CO_2 legislation or geopolitical conflicts). This risk assessment shows for the relevant cash-generating units that even in the case of reasonably possible changes in operational key assumptions (e.g. profitability of the products, unit sales and portfolio) compared to the original planning, no need for impairment exists.

In addition, sensitivity analyses are carried out in isolation from this additional risk assessment (e.g. with regard to the discount rate). The carrying amount of the Mercedes-Benz Mobility Classic cash-generating unit would exceed the recoverable amount by a low three-digit million amount, if the cost of equity were to increase by one percentage point to 11% after taxes. If the cost of equity were to increase to 10.9% after taxes, the carrying amount would equal the recoverable amount.

Equity-method investments

The initial recognition of interests in investments accounted for using the equity method is generally made with their acquisition costs. If the Group loses control of a subsidiary and subsequently presents it at equity, the fair value of the retained shares represents the acquisition cost.

On the date of acquisition, a positive difference between cost of acquisition and the Mercedes-Benz Group's share of the fair values of the identifiable assets and liabilities of the associated company or joint venture is determined and recognized as investor level goodwill. The goodwill is included in the carrying amount of the equity-method investment. If an equity interest in an existing associated company is increased without change in significant influence, goodwill is determined only for the additionally acquired interest; the previous investment is not remeasured at fair value.

The Mercedes-Benz Group reviews on each reporting date whether there is any objective indication of impairments or impairment reversals of equity-method investments. If such indications exist, the Group determines the impairment loss or reversal to be recognized. If the carrying amount exceeds the recoverable amount of an investment, the carrying amount is written down to the recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use. An impairment reversal is carried out if there is objective evidence for an impairment reversal. If such an assessment is made, the recoverable amount is remeasured. An impairment reversal is recognized to the extent that the recoverable amount has increased subsequent to the impairment and is limited to the amount by which an asset has been impaired.

Gains or losses to be eliminated from transactions with companies accounted for using the equity method are recognized through profit and loss with corresponding adjustments of the investments' carrying amounts and are reported in gains/losses on equity-method investments. Gains or losses from the contribution of interests in subsidiaries to investments which are measured using the equity method are also subject to elimination adjustments to the carrying amount of the investment.

Non-current assets and disposal groups held for sale

The Group classifies non-current assets or disposal groups as held for sale if the carrying amount will be recovered principally through an extremely likely sale transaction rather than through continuing use. In this case, the assets or disposal groups are no longer depreciated as planned, but are measured at the lower of carrying amount and fair value less costs to sell. Immediately before classification as held for sale, it is assessed if the assets are impaired based on the applicable individual regulations. If fair value less costs to sell subsequently increases, any impairment loss previously recognized is reversed. This reversal is restricted to the impairment loss previously recognized for the assets or disposal group concerned.

Inventories

Inventories are measured at the lower of acquisition or manufacturing cost and net realizable value. The net realizable value is the expected sales price less estimated costs of completion and estimated costs to sell. The acquisition or manufacturing costs of inventories are generally based on the specific identification method and include costs incurred in acquiring the inventories and bringing them to their present location and condition. Acquisition or manufacturing costs for large numbers of inventories that are interchangeable are allocated under the average-cost formula.

In the case of manufactured inventories and work in progress, manufacturing cost also includes production overheads based on normal capacity.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized as soon as the Mercedes-Benz Group becomes a party to the contractual provisions of the financial instrument. In the case of purchases or sales of financial assets through the regular market, the Mercedes-Benz Group uses the transaction date as the date of initial recognition or derecognition.

Upon initial recognition, financial instruments are measured at fair value. For the purpose of subsequent measurement, financial instruments are allocated to one of the categories mentioned in IFRS 9 Financial Instruments (financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss). Transaction costs directly attributable to acquisition or issuance are considered when determining the carrying amount if the financial instruments are not measured at fair value through profit or loss.

Financial assets

Financial assets primarily comprise receivables from financial services, trade receivables, receivables from banks, cash on hand, derivative financial assets, marketable securities and similar investments and financial investments.

The classification of financial instruments is based on the business model in which these instruments are held and on their contractual cash flows.

The determination of the business model is carried out at the portfolio level and is based on management's intention and past transaction patterns. Assessments of the contractual cash flows are made on an instrument-by-instrument basis.

Financial assets measured at fair value through profit or loss
Financial assets measured at fair value through profit or loss include financial assets with cash flows other than those of principal and interest on the nominal amount outstanding. Furthermore, financial assets that are held in a business model other than "hold to collect" or "hold to collect and sell" are included here.

In addition, derivatives, including embedded derivatives separated from the host contract, which are not classified as hedging instruments in hedge accounting, as well as shares and marketable debt securities acquired for the purpose of selling in the short term that are classified as held for trading, are included here. Gains or losses on these financial assets are recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest on the nominal amount outstanding and which are held to collect the contractual cash flows as well as to sell the financial assets, e.g. to achieve a defined liquidity target (business model "hold to collect and sell"). This category also includes equity instruments not held for trading for which the option to recognize changes in the fair value of the instrument within other comprehensive income has been applied.

After initial measurement, financial assets measured at fair value through other comprehensive income are recognized at fair value, with unrealized gains or losses being recognized in other comprehensive income/loss. Upon the disposal of debt instruments, the accumulated gains and losses recognized in other comprehensive income/loss resulting from measurement at fair value are recognized in profit or loss. Interest earned on financial assets measured at fair value through other comprehensive income is generally reported as interest income using the effective-interest method.

Changes in the fair value of equity instruments measured at fair value through other comprehensive income are not recycled to profit or loss, but reclassified to retained earnings upon disposal. Dividends are recognized in profit or loss when the right to payment has been established.

Financial assets measured at amortized cost
Financial assets measured at amortized cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest on the nominal amount outstanding and which are held with the aim of collecting the contractual cash flows, such as receivables from financial services, trade receivables or cash and cash equivalents (business model “hold to collect”). After initial recognition, these financial assets measured at amortized cost are subsequently carried at amortized cost using the effective-interest method less any loss allowances. Gains and losses are recognized in the Consolidated Statement of Income, if the financial assets measured at amortized cost are impaired or derecognized. Interest effects from the application of the effective-interest method are also recognized in profit or loss as well as effects from foreign currency translation.

Cash and cash equivalents consist primarily of cash on hand, cheques and demand deposits at banks, as well as debt instruments and certificates of deposits with a remaining term when acquired of up to three months, which are not subject to any material value fluctuations. Cash and cash equivalents correspond with the classification in the Consolidated Statement of Cash Flows.

The restricted funds representing cash and cash equivalents are related to subsidiaries where foreign exchange controls apply, so that the Group has restricted access to the funds.

Impairment of financial assets

At each reporting date, an impairment is recognized for financial assets, loan commitments and financial guarantees other than those to be measured at fair value through profit or loss reflecting expected credit losses for these instruments. Impairments are allocated using a three stage approach to expected credit losses:

Stage 1: expected credit losses within the next twelve months

Stage 1 includes all contracts with no significant increase in credit risk since initial recognition and usually includes new acquisitions and contracts with fewer than 31 days past due date. The portion of the lifetime expected credit losses resulting from default events possible within the next twelve months is recognized.

Stage 2: expected credit losses over the lifetime – not credit impaired

If a financial asset has a significant increase in credit risk since initial recognition but is not yet credit impaired, it is moved to stage 2 and measured at lifetime expected credit loss, which is defined as the expected credit loss that results from all possible default events over the expected life of a financial asset.

Stage 3: expected credit losses over the lifetime – credit impaired

If a financial asset is defined as credit-impaired or in default, it is transferred to stage 3. The expected credit loss is recognized as an impairment measured over the expected lifetime of the financial asset. Objective evidence for a credit-impaired financial asset includes 91 days past due date and other information about significant financial difficulties of the debtor.

The determination of whether a financial asset has experienced a significant increase in credit risk is based on an assessment of the probability of default, which is made at least quarterly, incorporating external credit rating information as well as internal information on the credit quality of the financial asset. For debt instruments that are not receivables from financial services, a significant increase in credit risk is assessed mainly based on past-due information or the probability of default.

A financial asset is migrated to stage 2 if the asset's credit risk has increased significantly compared to its credit risk at initial recognition. Indicators of a significant increase in credit risk may be past due dates of more than 30 days or an increase in debtor-specific risk premiums. For trade receivables, the simplified approach is applied whereby all trade receivables are allocated to stage 2 initially. Hence, no determination of significant increases in credit risk is necessary.

The Mercedes-Benz Group applies the low-credit-risk exception to the stage allocation to quoted debt instruments with investment-grade ratings. These debt instruments are always allocated to stage 1.

In stages 1 and 2, the effective interest revenue is calculated based on gross carrying amounts. If a financial asset becomes credit impaired in stage 3, the effective interest revenue is calculated based on its net carrying amount (gross carrying amount adjusted for any loss allowance).

Measurement of expected credit losses

Expected credit losses are measured in a way that reflects:

a) the unbiased and probability-weighted amount,

b) the time value of money,

c) reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured as the probability-weighted present value of all cash shortfalls over the expected life of each financial asset.

For receivables from financial services, expected credit losses are calculated using a statistical model with three major risk parameters: probability of default, loss given default and exposure at default.

The estimation of these risk parameters incorporates all available relevant information, not only historical and current loss data, but also reasonable and supportable forward-looking information reflected by future expectations. This information includes macroeconomic factors (e.g. gross domestic product growth, unemployment rate, cost performance index) and forecasts of future economic conditions. For receivables from financial services, these forecasts are performed using a scenario analysis (basic scenario, optimistic scenario and pessimistic scenario). The impairment amount for trade receivables is predominantly determined on a collective basis.

A financial instrument is written off when there is no reasonable expectation of recovery in whole or in part, for example, after the end of insolvency proceedings or after a court decision of uncollectibility.

Significant modifications of financial assets (e.g. with a change in the present value of the contractual cash flows of 10%) also leads to derecognition of the financial assets with a simultaneous recognition of new financial assets. If the terms of a contract are renegotiated or modified and this does not result in derecognition of the contract, then the gross carrying amount of the contract is recalculated and a modification gain or loss is recognized in profit or loss. To assess whether a significant increase in credit risk has occurred, the probability of default of the modified financial instrument is compared to the probability of default of the original instrument at initial recognition.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position provided that an enforceable right currently exists to offset the amounts involved, and there is an intention either to carry out the offsetting on a net basis or to settle a liability when the related asset is sold.

Financial liabilities

Financial liabilities primarily include trade payables, liabilities to financial institutions, bonds, derivative financial liabilities and other liabilities.

Financial liabilities measured at amortized cost
After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective-interest method.

Insofar as the Mercedes-Benz Group enters into reverse factoring agreements in which trade receivables of a supplier are transferred to a financial intermediary, changes in the presentation of the original trade payables may occur. If these liabilities differ in nature and function from other trade payables, the liabilities are presented separately.

Financial liabilities measured at fair value through profit or loss
Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading. Derivatives (including embedded derivatives separated from the host contract) which are not used as hedging instruments in hedge accounting are classified as held for trading. Gains or losses on liabilities held for trading are recognized in profit or loss.

Derivative financial instruments and hedge accounting

The Mercedes-Benz Group uses derivative financial instruments in principle only for hedging financial risks that arise from its operating or financing activities or liquidity management. These are mainly currency risks, interest rate risks and commodity price risks.

Contracts for the purchase or sale of non-financial items are regularly qualified as executory contracts and thus treated as suspended transactions, although they fulfil the definition of a derivative. If such contracts do not meet the criteria for executory contracts they are recorded as derivatives. These derivatives are measured at fair value through profit or loss. The valuation effects are reported in the functional costs, in which the consumption of the procured non-financial items (e.g. energy) is reported.

Embedded derivatives are principally separated from the host contract and recognized separately. However, embedded derivatives are not separated from the host contract if that host contract is a financial asset, if the Mercedes-Benz Group chooses to measure a hybrid contract at fair value through profit or loss, or if the embedded derivative is closely related to the host contract.

Derivative financial instruments are measured at fair value upon initial recognition and at each subsequent reporting date. The fair value of listed derivatives is equal to their positive or negative market value. If a market value is not available, fair value is calculated using standard financial valuation models such as discounted cash flow or option-pricing models. Derivatives are recognized as assets if their fair value is positive and as liabilities if their fair value is negative.

If the requirements for hedge accounting set out in IFRS 9 are met, the Mercedes-Benz Group designates and documents the hedge relationship from the date a derivative contract is entered into as a fair-value hedge, a cash flow hedge or a hedge of a net investment in a foreign business operation. In a fair-value hedge, the changes in the fair value of a recognized asset or liability or an unrecognized firm commitment are hedged. In a cash flow hedge, highly probable future cash flows from expected transactions or variable cash flows to be paid or received related to a recognized asset or liability are hedged. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the nature of the risk being hedged, the identification of the eligible hedging instrument and the eligible hedged item, as well as an assessment of the effectiveness requirements comprising the risk mitigating economic relationship, the impact of deteriorating effects from credit risk and the appropriate hedge ratio. The effectiveness of the hedge is assessed at the start of and during the hedging relationship.

For fair-value hedges, changes in the fair value of derivative financial instruments and the hedged item are recognized in profit or loss. For cash flow hedges, fair-value changes in the effective portion of derivative financial instruments are recognized after tax in other comprehensive income.

Effective and ineffective results from hedging are presented in the line item of the Consolidated Statement of Income in which the underlying transaction is reported.

Under IFRS 9, for cash flow hedges in procurement transactions expected with a high degree of probability, designation can be made for separable risk components of these non-financial hedged items.

Under IFRS 9, with cash flow hedges, amounts recognized in other comprehensive income as effective hedging gains or losses from hedging instruments are removed from the reserves for derivative financial instruments and directly included in the initial cost or carrying amount of the hedged item at initial recognition if the hedged item, e.g. the forecast transaction, results in the recognition of a non-financial asset or non-financial liability.

For other cash flow hedges, the accumulated hedging gains or losses from hedging instruments are transferred from the reserves for derivative financial instruments to the Consolidated Statement of Income when the hedged item affects profit or loss. Insofar as currency translation effects recognized in profit or loss due to trade receivables and payables are connected with the underlying hedged transactions, simultaneously occurring hedging gains/losses are transferred to the Consolidated Statement of Income.

The ineffective portions of fair-value changes are recognized directly in profit or loss.

For derivative instruments designated in a hedge relationship, certain components can be excluded from designation and the changes in these components' fair value are then deferred in other comprehensive income under IFRS 9. This may apply for example to the time value of options, the forward element of a forward contract or cross-currency basis spreads.

Hedge relationships are to be discontinued prospectively if a particular hedge relationship ceases to meet the qualifying criteria for hedge accounting under IFRS 9. Instances that require discontinuation of hedge accounting are, among others, changes to the designated hedged item, loss of the economic relationship between the hedged item and the hedging instrument, disposal or termination of the hedging instrument, or a revision of the documented risk-management objective of a particular hedge relationship. Accumulated hedging gains and losses from cash flow hedges are retained and are reclassified from equity as described at maturity if the hedged future cash flows are still expected to occur. Otherwise, accumulated hedging gains and losses are immediately reclassified to profit or loss.

If derivative financial instruments do not or no longer qualify for hedge accounting because the qualifying criteria for hedge accounting are not or are no longer met, the derivative financial instruments are classified as held for trading and are measured at fair value through profit or loss.

Pensions and similar obligations

The measurement of defined benefit commitments for pensions and other similar post-employment benefits (healthcare benefits) in accordance with IAS 19 Employee Benefits is based on the projected unit-credit method. Plan assets invested to cover defined benefit pension commitments and other post-employment benefit obligations are measured at fair value and offset against the corresponding obligations.

The balance of defined benefit commitments for pensions and other similar post-employment benefit obligations and plan assets (net pension obligation or net pension assets) accrues interest at the discount rate used as a basis for the measurement of the gross pension obligation. The resulting net interest expense or income is recognized in profit and loss under interest expense or interest income in the Consolidated Statement of Income. The other expenses resulting from pension commitments and other post-employment benefit obligations, which mainly result from entitlements acquired during the year under review, are taken into consideration in functional costs in the Consolidated Statement of Income. Differences between the assumptions made and actual developments as well as changes in actuarial assumptions for the measurement of defined benefit plans and similar obligations result in actuarial gains and losses, which are recognized in equity through other comprehensive income.

The discount factors used to calculate the present values of defined benefit pension obligations are determined – with maturities and currencies matching the pension payments – by reference to market yields at the end of the reporting period on high-quality fixed-rate corporate bonds in the respective market. For very long maturities, there are no high-quality corporate bonds available as a benchmark. The respective discount factors are estimated by extrapolating current market rates along the yield curve.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in profit or loss when the curtailment or settlement occurs.

Provisions for other risks

Provisions are recognized when an obligation to third parties has been incurred, an outflow of resources is probable and the amount of the obligation can be reasonably estimated. The amount recognized as a provision represents the best estimate of the obligation at the reporting date.

Provisions with an original maturity of more than one year are discounted to the present value of the expenditures expected to settle the obligation at the end of the reporting period.

If the recognition criteria of provisions are not fulfilled and the possibility of a cash outflow upon settlement is not unlikely, the item is presented as a contingent liability, insofar as it is adequately measurable. The amount disclosed as a contingent liability represents the best estimate of the possible obligation at the reporting date. Provisions and contingent liabilities are regularly reviewed and adjusted as further information becomes available or circumstances change.

A provision for expected warranty costs is recognized when a product is sold or when a new warranty programme is initiated. Estimates for accrued warranty costs are particularly based on historical experience. Other assumptions include, but are not limited to, the amount of potential repair costs. The provisions are regularly adjusted to reflect new information.

Restructuring provisions are set up in connection with programmes that materially change the scope of business performed by a segment or business unit or the manner in which business is conducted. In most cases, restructuring expenses include termination benefits and compensation payments due to the termination of agreements with suppliers and dealers. Benefits on termination of employment are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

Contract and refund liabilities

Contract liabilities
A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Refund liabilities
A refund liability occurs if the Mercedes-Benz Group receives consideration from a customer and expects to refund some or all of that consideration to the customer. A refund liability is measured at the amount of consideration received for which the Mercedes-Benz Group does not expect to be entitled and is thus not included in the transaction price.

Share-based payment

Share-based payment comprises cash-settled liability awards.

Liability awards are measured at fair value at each balance sheet date until settlement and are classified as provisions under consideration of vesting conditions. The profit or loss of the period equals the addition to and/or the reversal of the provision during the reporting period and the dividend equivalent paid during the period, and is included in functional costs.

Presentation in the Consolidated Statement of Cash Flows

Cash-effective government grants are shown in cash flow from operating activities. In addition, interest paid as well as interest and dividends received are allocated to cash flow from operating activities. To the extent that the reverse factoring agreements entered into by the Mercedes-Benz Group do not result in changes in the presentation of the original trade payables, the cash flows from these agreements are also presented in cash flow from operating activities. Furthermore all cash flows of receivables from financial services in the Consolidated Statement of Cash Flows are also classified as cash flow from operating activities.

The cash flows from short-term marketable debt securities with high turnover rates and significant amounts are offset and presented within cash flow from investing activities.

Consideration of sustainability related aspects in connection with the recognition and measurement of assets and liabilities

The Mercedes-Benz Group has set itself the target of net carbon-neutrality[1] for the new vehicle fleet by 2039, as far as market conditions allow. In addition to market conditions, the course of the transformation will be determined primarily by the infrastructure and the consumer behaviour. The Group is therefore preparing to be able to meet the various customer requirements, whether all-electric drives or electrified combustion engines. To achieve this, production is set up to be flexible in terms of drive systems. For the further development of the product portfolio, the Mercedes-Benz Group sustainably utilizes efficiencies between new and existing model series.

Recognition and measurement of the Group's assets and liabilities take into account climate-related risks and developments associated with the transformation, which also include the climate targets set in the Paris Climate Agreement.

Accounting estimates and management judgements in connection with sustainability-related aspects include, in particular, the following issues:

The determination and review of the useful lives of the capitalized development costs are based on the expected product life cycle. Changes in the originally envisaged product life cycles can result from the transformation to all-electric vehicles. Due to the resolutions regarding the accelerated transformation new developments in the area of conventional powertrains are reduced and already capitalized development expenditure is partly used for a longer time.

In the same way, the useful lives of property, plant and equipment assets are regularly reviewed in the light of the transformation to all-electric vehicles. This did not require any material adjustments of the useful lives up to the reporting date as the production facilities of the Group are basically flexible in use.

In the context of production network management, efforts are also being made to secure sites affected by the transformation by enhancing them. No significant obligations to dismantle or remove production facilities and plants that would give rise to a provision existed on the reporting date.

The recoverability of leased vehicles classified as operating leases is reviewed regularly. When determining recoverability, the residual value of the leased vehicles is particularly relevant. Due to the transformation to all-electric vehicles, residual values can be influenced by changing customer behaviour, new regulatory requirements and further technological developments. No significant impairment losses were required for conventionally powered vehicles in the reporting year. Due to the slower transformation towards all-electric vehicles, impairments of €0.4 billion were recorded for vehicles with electric drives.

The expected proceeds from the disposal of vehicles pledged as collateral are taken into account in the determination of expected credit losses for receivables from financial services. The expected proceeds from the disposal are based on an estimate of the market value at the expected time of a possible default. There were very few instances of a reduction of these estimated market values that could be traced to effects of climate change or of changing customer behaviour as of the reporting date.

1 Net carbon-neutral means that carbon emissions that are not avoided or reduced at Mercedes-Benz are compensated for by certified offsetting products.

In addition to traditional energy supply contracts, which are usually only recorded as pending transactions upon delivery, the Group has concluded contracts to secure purchase quantities and prices for renewable energies (in particular electricity from wind and solar energy). These are contracts that provide for a fixed remuneration per unit of energy and are mainly recognized either as derivatives or leases.

The impairment test on the level of the cash-generating units is based on the corporate planning and strategy of the Mercedes-Benz Group. This provides for a step by step substitution of vehicles with combustion engines by electric vehicles.

Corporate planning parameters in connection with the transformation affect the investment requirements and the currently higher variable costs of all-electric vehicles in comparison with vehicles with conventional powertrains. The simultaneous development, model refinement and production of electric and conventionally powered vehicles results in a high investment requirement, particularly in the detail planning period until 2029. No growth was assumed in the derivation of the terminal value, due in part to the not yet completely predictable effects of the competitive situation and customer behaviour in the course of the transition to electric mobility.

In addition, a risk assessment is being carried out for both the detailed planning period and the terminal value, which includes, for example, market risks as well as risks resulting from legal and political framework conditions (e.g. in connection with sustainability aspects such as CO_2 legislation).

The impairment test carried out in 2024 did not result in any impairment requirement for the cash-generating units.

2. Accounting estimates and management judgements

In the Consolidated Financial Statements, it is to a certain degree necessary to make estimates and management judgements which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities on the balance sheet date, and the income and expense reported for the period. The major items affected by such estimates and management judgements are described as follows. Actual amounts may differ from the estimates. Changes in the estimates and management judgements can have a material impact on the Consolidated Financial Statements.

Recoverable amounts of cash-generating units and equity-method investments

In the context of impairment tests for non-financial assets, estimates have to be made to determine the recoverable amount of a cash-generating unit. Assumptions have to be made in particular with regard to future cash inflows and outflows for the planning period and the following periods. The estimates mainly refer to future unit sales, growth in the respective markets and the profitability of the products, which are also highly dynamic and thus uncertain as a result of the transition to electric mobility. Therefore, a risk assessment and sensitivity analyses are additionally carried out.

When objective evidence of impairment or impairment reversal is present, estimates and assessments also have to be made to determine the recoverable amount of an equity-method investment. The determination of the recoverable amount is based on assumptions regarding future business developments for the determination of the expected future cash flows of that investment. On the balance sheet date, the carrying amount of equity-method investments was €12,786 million (31 December 2023: €13,104 million).

Recoverable amount of equipment on operating leases

The Mercedes-Benz Group regularly reviews the factors determining the values of its leased vehicles (carrying amount as of 31 December 2024: €45,220 million; 31 December 2023: €41,712 million). In particular, it is necessary to estimate the residual values of vehicles, which constitute a substantial part of the expected future cash inflows from equipment on operating leases.

In this context, assumptions are made regarding major influencing factors, such as the expected number of returned leased vehicles and the latest remarketing results. Those assumptions are determined by qualified estimates. The qualified estimates are based on publications by expert third parties and data from external market research institutes as well as additional information available internally, such as historical experience and current sales data. In addition, knowledge about new regulatory requirements or changes in customer behaviour is included in the residual value estimates. The residual values thus determined serve as a basis for scheduled depreciation; changes in residual values lead either to a prospective adjustment of the scheduled depreciation or, in the case of a significant decline in expected residual values, to an impairment. If scheduled depreciation is prospectively adjusted, changes in estimates of residual values do not have a direct effect but are equally distributed over the remaining term of the lease contract.

Collectability of receivables from financial services

The Group regularly estimates the risk of default on receivables from financial services (carrying amount as of 31 December 2024: €87,867 million; 31 December 2023: €89,019 million[1]).

Many factors are taken into consideration in this context including historical loss experience, the size and composition of certain portfolios, current economic events and conditions and the current fair values and adequacy of collaterals. In addition to historical and current information on losses, appropriate and reliable forward-looking information on factors is also included. This information includes macroeconomic factors (e.g. gross domestic product growth, unemployment rate, cost performance index) and forecasts of future economic conditions. For receivables from financial services, these forecasts are performed using a scenario analysis (basic scenario, optimistic scenario and pessimistic scenario). Further external information which cannot be depicted in the scenarios, is – as far as necessary – included in the assessment through subsequent adjustments. Changes to the estimation and assessment of these factors influence the allowance for credit losses with a resulting impact on the Group's net profit.

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.

Product warranties

The Group provides various types of product warranties, depending on the type of product and market conditions. Provisions for product warranties (carrying amount as of 31 December 2024: €6,934 million; 31 December 2023: €6,399 million) are generally recognized at the time of vehicle sale. In order to determine the extent of these provisions, assumptions have to be made concerning the type and extent of expected statutory and contractual warranty claims, of future goodwill cases and of possible recall campaigns. These assessments are based on experience of the frequency and extent of vehicle faults and defects in the past. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The discount factors are also based on estimates to a certain extent. The provisions are regularly adjusted to reflect new information.

Liability and litigation risks and regulatory proceedings

Various legal proceedings, claims and regulatory investigations are pending against Mercedes-Benz Group AG and its subsidiaries on a wide range of topics. If the outcome of such legal proceedings is detrimental to the Mercedes-Benz Group, the Group may be required to pay substantial compensatory and punitive damages, to undertake service actions or recall campaigns, to pay fines or to carry out other costly actions. Litigation and governmental investigations often involve complex legal issues and are connected with a high degree of uncertainty. Accordingly, the assessment of whether a current obligation exists on the balance sheet date as a result of an event in the past, and whether a future cash outflow is likely and the obligation can be reliably estimated, largely depends on estimations by the management. The Mercedes-Benz Group regularly evaluates the current stage of legal proceedings, also with the involvement of external legal counsel. The amounts of provisions for pending or threatened proceedings are regularly restated in accordance with new expected developments. As of 31 December 2024, the carrying amounts of provisions for liability and litigation risks were €1,683 million (31 December 2023: €2,104 million). Changes in estimates and assumptions can have a material effect on the Group's future profitability, liquidity and capital resources, and financial position. It is also possible that provisions recognized for some legal proceedings may turn out to be insufficient once such proceedings have ended. The Mercedes-Benz Group may also become liable for payments in legal proceedings for which no provisions were established. Although the final resolution of any such proceedings could have a material effect on the Mercedes-Benz Group's earnings and cash flows for a particular reporting period, from the current assessment, the Mercedes-Benz Group does not expect this to result in any sustained impact on the Group's financial position.

Pensions and similar obligations

The calculation of provisions for pensions and similar obligations and the related pension cost are based on various actuarial valuations. The calculations are subject to various assumptions on matters such as current actuarially developed probabilities (e.g. discount factors and cost-of-living increases), future fluctuations with regard to age and period of service, and experience with the probability of occurrence of pension payments, annuities or lump sums. As a result of changed market or economic conditions, the probabilities caused by the influencing factors may differ from current developments.

The financial effects of deviations of the main factors are calculated with the use of sensitivity analyses. As of 31 December 2024 provisions for pensions and similar obligations were €952 million (31 December 2023: €1,090 million).

Income taxes

The calculation of income taxes of Mercedes-Benz Group AG and its subsidiaries is based on the legislation and regulations applicable in the various countries. Due to their complexity, the tax items presented in the Consolidated Financial Statements are possibly subject to different judgements by taxpayers on the one hand and local tax authorities on the other hand. Different judgements can occur especially in connection with the recognition and measurement of balance sheet items as well as in connection with the tax assessment of expenses and income. Carrying amounts of liabilities for income taxes as of 31 December 2024 were €2,047 million (31 December 2023: €2,421 million).

3. Corrections in accordance with IAS 8

In the year 2024, the accounting of lease returns from operating lease contracts was examined at segment and Group level. It was determined that some companies in the Mercedes-Benz Mobility segment reported revenue and cost of sales from the remarketing of returned leased vehicles, even though Mercedes-Benz Cars was the economic owner of the vehicle inventories. This led to double entries of revenue and cost of sales.

In addition, some companies in the Mercedes-Benz Mobility segment did not report revenue and cost of sales from the remarketing of returned leased vehicles, even though the Mercedes-Benz Mobility segment accounted for vehicles purchased from external third parties as leased assets and was therefore the economic owner of these vehicles.

Revenue and cost of sales were corrected in accordance with IAS 8.41 ff., as the impacts on the reporting of revenue and cost of sales in the Mercedes-Benz Mobility segment are material.

The following tables show the required adjustments in the Consolidated Statement of Income/Loss, in the table Revenue in Note 5, in the table Cost of sales in Note 6 as well as in the table Segment Information and in the table Revenue and non-current assets by region in Note 34 in the year 2023.

Corrections in the Consolidated Statement of Income/Loss in 2023

In millions of euros	As previously reported	Corrections in accordance with IAS 8	**Further adjustments**[1]	**As restated**
Revenue	153,218	-828	–	**152,390**
Cost of sales	-118,839	828	625	**-117,386**
Gross profit in relation to revenue	34,379	–	625	**35,004**
Selling expenses	-9,728	–	-542	**-10,270**
General administrative expenses	-2,688	–	-83	**-2,771**
Research and non-capitalized development costs	-6,230	–	**–**	**-6,230**
Others	3,927	–	**–**	**3,927**
Earnings before interest and taxes (EBIT)	19,660	–	**–**	**19,660**
Net profit	14,531	–	**–**	**14,531**
Earnings per share (in euros)				
For profit attributable to shareholders of Mercedes-Benz Group AG				
Basic	13.46	–	**–**	**13.46**
Diluted	13.46	–	**–**	**13.46**

1 For a more suitable presentation, reclassifications have been carried out in the functional costs. The reclassifications are described in Note 1.

Corrections in 2023

In millions of euros	As previously reported	Corrections in accordance with IAS 8	**As restated**
Revenue			
Revenue IFRS 15 in Europe			
Mercedes-Benz Mobility	5,762	-1,147	**4,615**
Reconciliation	-3,737	319	**-3,418**
Mercedes-Benz Group	53,849	-828	**53,021**
Total revenue			
Mercedes-Benz Mobility	26,718	-1,147	**25,571**
Reconciliation	-6,544	319	**-6,225**
Mercedes-Benz Group	153,218	-828	**152,390**
Segment reporting			
External revenue			
Mercedes-Benz Mobility	25,752	-828	**24,924**
Mercedes-Benz Group	153,218	-828	**152,390**
Intra-Group revenue			
Mercedes-Benz Mobility	966	-319	**647**
Reconciliation	-6,544	319	**-6,225**
Total revenue			
Mercedes-Benz Mobility	26,718	-1,147	**25,571**
Reconciliation	-6,544	319	**-6,225**
Mercedes-Benz Group	153,218	-828	**152,390**
Revenue and non-current assets by region			
Revenue	153,218	-828	**152,390**
Europe	61,895	-828	**61,067**
thereof Germany	25,799	-1,168	**24,631**

Corrections in the cost of sales in 2023

In millions of euros	As previously reported	Corrections in accordance with IAS 8	Further adjustments[1]	**As restated**
Cost of sales	-118,839	828	625	**-117,386**
Expense of goods sold	-102,416	828	574	**-101,014**
Refinancing costs from financial services business	-3,226	–	278	**-2,948**
Other cost of sales	-5,793	–	-227	**-6,020**

1 For a more suitable presentation, reclassifications have been carried out in the functional costs. The reclassifications are described in Note 1.

In 2024, corrections in connection with the allocation of economic ownership of vehicle inventories as part of dealer inventory financing led to reclassifications in the Mercedes-Benz Mobility segment from inventories to receivables from financial services. This issue was also corrected in accordance with IAS 8.41 ff.: As of 31 December 2023, €808 million had to be reclassified from inventories to current receivables from financial services. As of 1 January 2023, the related reclassifications amounted to €495 million.

In addition in 2024, contract and refund liabilities in the Mercedes-Benz Cars segment were corrected regarding the presentation of non-current and current liabilities within the meaning of IAS 8.41 ff. The corresponding reclassification of €856 million as of 31 December 2023 is shown in the following table. As of 1 January 2023, the figure to be reclassified amounted to €1,106 million.

Both adjustments to the Consolidated Statement of Financial Position as of 31 December 2023 are shown in the following table.

Corrections in the Consolidated Statement of Financial Position at 31 December 2023

In millions of euros	As previously reported	Corrections in accordance with IAS 8	**As restated**
Inventories	27,294	-808	**26,486**
Receivables from financial services	38,469	808	**39,277**
Total current assets	104,032	–	**104,032**
Total assets	263,022	–	**263,022**
Contract and refund liabilities	3,514	-856	**2,658**
Total non-current liabilities	87,772	-856	**86,916**
Contract and refund liabilities	6,877	856	**7,733**
Total current liabilities	82,434	856	**83,290**
Total liabilities	263,022	–	**263,022**

The balance sheet corrections result in the following changes in the Consolidated Statement of Cash Flows.

Corrections in the Consolidated Statement of Cash Flows in 2023

In millions of euros	As previously reported	Corrections in accordance with IAS 8	**As restated**
Inventories	-2,733	313	**-2,420**
Receivables from financial services	-5,812	-313	**-6,125**
Cash flow from operating activities	14,470	–	**14,470**

4. Consolidated Group

Composition of the Group

The following table shows the composition of the Group. A detailed list of the companies included in the Consolidated Financial Statements and of the equity investments of the Mercedes-Benz Group pursuant to Section 313 of the German Commercial Code (HGB) is provided in the statement of investments in Note 42.

Composition of the Group

	31 December	
	2024	2023
Consolidated subsidiaries	**239**	251
Germany	**52**	50
International	**187**	201
Unconsolidated subsidiaries	**53**	63
Germany	**21**	26
International	**32**	37
Joint operations accounted for using proportionate consolidation	**1**	1
Germany	**–**	–
International	**1**	1
Joint ventures accounted for using the equity method	**8**	7
Germany	**2**	2
International	**6**	5
Associated companies accounted for using the equity method	**11**	10
Germany	**3**	3
International	**8**	7
Joint operations, joint ventures, associated companies accounted for at (amortized) cost and substantial other investments recognized at fair value	**28**	29
Germany	**16**	16
International	**12**	13
Total	**340**	361

Subsidiaries whose business is non-active or of low volume and are therefore not material for the Group and the fair presentation of its profitability, liquidity, capital resources, and financial position are not consolidated. The criteria are the balance sheet totals, the aggregate revenues and the aggregate net profits after taxes of the subsidiaries, associated companies, joint ventures and joint operations accounted for at (amortized) cost in relation to the corresponding size of the Group.

With the implementation of the European Sustainability Reporting Standards (ESRS) from 2024, the number of employees became an additional criterion for the inclusion of a company in the Consolidated Group. As a result, seven previously unconsolidated companies were consolidated for the first time in the reporting year. The effects on the profitability, liquidity and capital resources, and financial position are of minor importance. The effects on the personnel indicators are described in Note 6.

Structured entities

The structured entities of the Group are mainly asset-backed-securities (ABS) companies and special funds. The ABS companies are primarily used for the Group's refinancing. The receivables transferred to structured entities usually result from the leasing and sales-financing business. Those entities refinance the purchase price by issuing securities. The special funds are set up in particular in order to diversify the capital-investment strategy.

At the reporting date, the Group had business relationships with 29 (2023: 34) controlled structured entities, which all are fully consolidated. In addition, as in the previous year, the Group has relationships with one non-controlled structured entity.

Shares in subsidiaries

Sale of sales companies and retail activities

In the course of the year 2023, the sales company in Greece and other dealers in Europe had been sold. The disposals resulted in income of €186 million. The cash inflow amounted to a total of €315 million. The criteria for classification as assets and liabilities held for sale were met for other sales companies in other European countries as of 31 December 2023.

In 2024, the Group divested retail activities in Italy, France, Sweden, Poland, Denmark, Portugal and the Netherlands. The disposals resulted in a total income of €96 million and a cash inflow of €374 million. The assets disposed of in the deconsolidation amounting to €716 million mainly included inventories of €239 million, property, plant and equipment of €134 million, equipment on operating leases of €118 million, trade receivables of €107 million and cash and cash equivalents of €21 million. The disposed liabilities of €159 million included in particular financing liabilities and other financial liabilities of €73 million.

The assets and liabilities held for sale in the Consolidated Statement of Financial Position as of 31 December 2024 relate to retail activities in Poland. The Group sold these in January 2025. In addition there were no significant effects on the profitability and the liquidity and capital resources. All of the above effects were mainly allocated to the Mercedes-Benz Cars segment.

Sale of financing portfolio in Austria

In 2023, the Mercedes-Benz Mobility AG decided to no longer offer vehicle financing in Austria and thus to sell the financing portfolio of Mercedes-Benz Bank GmbH in Austria. The criteria for classification as assets and liabilities held for sale were met in the third quarter of 2024. For this reason, assets and liabilities in the Consolidated Statement of Financial Position as of 31 December 2024 were reported as assets and liabilities held for sale, which are fully allocated to the Mercedes-Benz Mobility segment. In addition no significant effects on the profitability and liquidity and capital resources are expected.

The assets and liabilities shown in the Consolidated Statement of Financial Position as held for sale are shown in the following table.

Assets and liabilities held for sale

		31 December
	2024	2023
In millions of euros		
Assets held for sale	**160**	795
Sales companies in European countries	**73**	795
Financing portfolio in Austria	**87**	–
Liabilities held for sale	**46**	224
Sales companies in European countries	**31**	224
Financing portfolio in Austria	**15**	–

Sale of the shares in the Russian subsidiaries

On 2 March 2022, the Mercedes-Benz Group decided to stop exporting cars and vans to Russia and to cease local production in Russia until further notice. At the end of October 2022, the Mercedes-Benz Group signed contracts with the Russian car dealer Avtodom AO for the sale of the shares in the Russian subsidiaries. With the closing of the transaction on 19 April 2023, the shares of Russian subsidiaries were deconsolidated.

The deconsolidation in 2023 involved the disposal of assets of €976 million, which were essentially composed of property, plant and equipment of €290 million and receivables from financial services of €280 million. In addition, cash and cash equivalents of €91 million were also included. The liabilities of €1,065 million disposed of included in particular provisions of €636 million and financing liabilities of €347 million. The Group had issued a global guarantee for the financing liabilities to financial institutions, which ended when the transaction was completed.

The sale of the Russian subsidiaries resulted in no significant cash inflow. The cash outflow in the amount of the disposed cash and cash equivalents of €91 million was mainly attributable to the Mercedes-Benz Mobility segment.

The transaction costs amounted to €3 million. After realizing the currency reserve of €291 million, a loss on disposal of €205 million resulted in 2023. This was reported in other operating expense. Expenses of €276 million were attributable to the Mercedes-Benz Mobility segment; the Mercedes-Benz Cars and Mercedes-Benz Vans segments generated income of €66 million and €5 million, respectively.

Sale of Indonesian sales and production entities

The Mercedes-Benz Group sold its subsidiaries in Indonesia to a local investor with effect from 29 September 2023. The sale of both companies resulted in an income of €89 million and a cash inflow of €140 million which were allocated to the Mercedes-Benz Cars segment. Assets decreased by €141 million and liabilities by €88 million as a result of deconsolidation of the subsidiaries.

Shares in associated companies

Sale of interests in Mercedes-Benz Grand Prix Ltd.

In the fourth quarter of 2021, the Mercedes-Benz Group signed the contractual agreements with Motorsports Invest Ltd. and INEOS Industries Holdings Ltd. on the sale of shares of Mercedes-Benz Grand Prix Ltd. The purchase price payment agreed for 2023 resulted in a cash inflow of €144 million.

5. Revenue

Revenue in 2024 was slightly below the previous year's level. The drop was primarily due to the slight decrease in unit sales in connection with an unfavourable product and market mix as well as negative net pricing effects.

Revenue disclosed in the Consolidated Statement of Income includes revenue from contracts with customers, which are in the scope of IFRS 15 (revenue according to IFRS 15), and other revenue not in the scope of IFRS 15. The composition of the revenue in the Consolidated Statement of Income is shown by region in Note 34.

Revenue according to IFRS 15 is disaggregated by the two categories – type of products and services and geographical regions. The category type of products and services corresponds to the reported segments.

Revenue according to IFRS 15 includes revenue that was included in contract liabilities at 31 December 2023 in the amount of €2,832 million (2023: €2,903 million) and revenue from performance obligations fully (or partially) satisfied in previous periods in the amount of €222 million (2023: €467 million). Revenue related to performance obligations that were unsatisfied (or partially unsatisfied) by the end of the reporting period that is expected to be recognized within three years amounted to €7,327 million at 31 December 2024 (2023: €6,663 million).

This revenue is mainly derived from long-term service and maintenance contracts and extended warranties. It does not include performance obligations from customer contracts that have initial expected durations of one year or less. The number of vehicles, for which the expected original delivery time will exceed twelve months, is immaterial and is therefore not part of the disclosed amount. Long-term performance obligations of minor importance to the overall contract value of a bundled contract are not considered in assessing the initial duration of the bundled contract.

Other revenue primarily comprises revenue from the rental and leasing business of €10,695 million (2023: €10,870 million), interest from the financial services business at Mercedes-Benz Mobility recognized using the effective-interest method in the amount of €5,738 million (2023: €5,161 million) and effects from currency hedging. Interest from the financial services business includes financial income on the net investment in leases of €1,233 million (2023: €1,027 million).

Revenue

	Mercedes-Benz Cars		**Mercedes-Benz Vans**		**Mercedes-Benz Mobility**		**Total segments**		**Reconciliation**[1]		**Mercedes-Benz Group**	
	2024	2023	**2024**	2023	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)
In millions of euros												
Europe[2]	**37,350**	38,890	**12,540**	12,934	**4,539**	4,615	**54,429**	56,439	**-3,883**	-3,418	**50,546**	53,021
North America	**25,650**	26,021	**3,319**	4,281	**4,519**	5,252	**33,488**	35,554	**-270**	-250	**33,218**	35,304
Asia	**35,883**	39,759	**1,012**	985	**127**	142	**37,022**	40,886	**-18**	-7	**37,004**	40,879
Other markets	**5,562**	5,125	**2,108**	1,744	**43**	86	**7,713**	6,955	**-4**	–	**7,709**	6,955
Revenue according to IFRS 15[2]	**104,445**	109,795	**18,979**	19,944	**9,228**	10,095	**132,652**	139,834	**-4,175**	-3,675	**128,477**	136,159
Other revenue	**3,316**	2,961	**341**	344	**15,855**	15,476	**19,512**	18,781	**-2,395**	-2,550	**17,117**	16,231
Total revenue[2]	**107,761**	112,756	**19,320**	20,288	**25,083**	25,571	**152,164**	158,615	**-6,570**	-6,225	**145,594**	152,390

1 The reconciliation includes eliminations of intra-Group revenue between the segments.
2 The previous year's figures for Mercedes-Benz Mobility, the reconciliation and the Mercedes-Benz Group have been corrected in accordance with IAS 8. Further information is included in Note 3.

6. Functional Costs

Cost of sales

Cost of sales

In millions of euros	**2024**	2023 (adjusted)
Expense of goods sold[1, 2]	**-97,885**	-101,014
Depreciation of equipment on operating leases	**-7,895**	-7,022
Refinancing costs from financial services business	**-4,046**	-2,948
Impairment losses on receivables from financial services	**-528**	-382
Other cost of sales[2]	**-6,664**	-6,020
	-117,018	-117,386

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.
2 For a more suitable presentation, reclassifications have been carried out in the functional costs. The reclassifications are described in Note 1.

In 2024, the cost of sales was on the same level as in the previous year. The slight decrease in unit sales and cost efficiencies, primarily in procurement and production, were offset by increased expenses for measures relating to the product life cycles of Mercedes-Benz vehicles, higher expenses to suppliers and value adjustments of leased vehicles with electric drive trains as well as by increased cost of credit risks, in particular in the United States, and a negative development of interest rates in the financial services sector. The amortization expense of capitalized development costs in the amount of €2,005 million (2023: €2,139 million) is presented in expense of goods sold.

Selling expenses

Selling expenses amounted to €9,993 million in 2024 (2023: €10,270). Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs.

General administrative expenses

In 2024, general administrative expenses amounted to €2,529 million and were below the previous year's figure of €2,771 million, in particular due to lower variable wage and salary components. They consist of expenses which are not attributable to production, sales or research and development functions, and include personnel expenses, depreciation and amortization of fixed and intangible assets, and other administrative costs.

Research and non-capitalized development costs

Research and non-capitalized development costs were €5,580 million in 2024 (2023: €6,230 million) and primarily comprise personnel expenses and material costs. The decrease was due to lower expenses in connection with existing vehicle models, mainly with the current platform generations geared towards electric mobility, and due to lower expenses for conventional drive systems.

Personnel expenses and average number of employees

Personnel expenses included in the Consolidated Statement of Income for 2024 amounted to €17,301 million (2023: €16,633 million). Personnel expenses comprise wages and salaries in the amount of €14,374 million (2023: €13,848 million), social-security contributions in the amount of €2,497 million (2023: €2,376 million) and expenses from pension obligations in the amount of €430 million (2023: €409 million). The first-time consolidations in 2024 as a result of the first-time application of the ESRS resulted in an increase of personnel expenses of €805 million which were already included in other cost types within the respective functional costs in the prior year due to the intra-Group allocation of the companies' costs.

The average number of people employed in the reporting year is shown in the following table.

Average number of employees[1, 2]

	2024	2023
Mercedes-Benz Cars[3]	**142,782**	134,673
Mercedes-Benz Vans	**18,984**	19,179
Mercedes-Benz Mobility	**9,538**	9,945
Central Functions & Services	**7,987**	4,539
	179,291	168,336

1 Active workforce (including holiday workers, excluding thesis writers, interns, working students, PhD students, senior experts and trainees) in headcount as an average number for the year 2024.
2 Seven subsidiaries have been consolidated retrospectively to 1 January 2024 as a result of the first-time application of the ESRS. Taking into account the average number of employees of 15,448 employees of these subsidiaries, the average number of employees would have amounted to 183,784 employees in 2023.
3 Proportionally including 2,130 (2023: 2,345) employees from a proportionately consolidated company.

7. Other operating income and expense

The composition of **other operating income** is shown in the following table.

Other operating income

In millions of euros	**2024**	2023
Income from costs recharged	**932**	1,131
Government grants	**69**	59
Gains on sales of property, plant and equipment	**31**	29
Rental income not relating to sales financing	**304**	139
Income from company transactions	**126**	285
Other miscellaneous income	**1,045**	563
	2,507	2,206

Income from costs recharged to third parties includes IT and logistics costs as well as other income from recharged costs related to expenses primarily within functional costs.

The increase in other miscellaneous operating income in 2024 resulted mainly from the reversal of provisions in connection with governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles. In contrast, income from costs recharged to third parties was reduced mainly as a result of the first time consolidation of previously unconsolidated companies.

The composition of **other operating expense** is shown as follows.

Other operating expense

In millions of euros	**2024**	2023
Losses on sales of property, plant and equipment	**-136**	-60
Loss from deconsolidation	**-2**	-207
Other miscellaneous expense	**-345**	-249
	-483	-516

In 2023, expenses of €205 million from the deconsolidation of the shares in the Russian subsidiaries were included, which were mainly attributable to the Mercedes-Benz Mobility segment.

8. Other financial income/expense

The following table shows the components of other financial income/expense.

Other financial income/expense, net

In millions of euros	**2024**	2023
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	**-396**	-437
Income and expense from equity instruments	**30**	177
Income and expense from marketable debt securities and similar investments	**242**	241
Income and expense from foreign currency valuation of financial instruments	**-196**	108
Miscellaneous other financial income/ expense, net	**283**	19
	-37	108

In 2024, miscellaneous other financial income/expense includes a positive effect on earnings of €223 million (2023: €68 million) from the revaluation of the liabilities recognized in the context of the share buyback programmes .

9. Interest income and interest expense

The following table shows the components of interest income and interest expense.

Interest income and interest expense

In millions of euros	**2024**	2023
Interest income		
Net interest income on the net assets of defined benefit pension plans	**25**	32
Interest and similar income	**713**	646
	738	678
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	**-41**	-42
Interest and similar expense	**-149**	-212
	-190	-254

10. Income taxes

The following table shows the components of income tax expense.

Components of income tax expense

In millions of euros	**2024**	2023
Current taxes	**-3,908**	-5,344
Deferred taxes	**170**	-209
Deferred taxes due to temporary differences	**135**	-227
Deferred taxes due to tax-loss carryforwards and tax credits	**35**	18
	-3,738	-5,553

The current tax expense includes tax benefits recognized for prior periods at German and foreign companies of €318 million (2023: €341 million).

The Group is within the scope of the OECD Pillar 2 model rules and the Act to Ensure Global Minimum Taxation for Groups of Companies (Minimum Tax Act – MinStG), and it applies the exception rule according to IAS 12, which stipulates that no deferred tax assets and liabilities are accounted for in connection with the income taxes of Pillar 2 of the OECD. The Mercedes-Benz Group has recognized insignificant income tax expenses for 2024 due to the Minimum Tax Act.

The following table shows a reconciliation of expected income tax expense to actual income tax expense in the financial year. In order to determine the expected income tax expense, the German combined statutory tax rate of 29.825% applicable in the financial year is multiplied by the profit before taxes.

Reconciliation of expected income tax expense to actual income tax expense

	2024	2023
In millions of euros		
Expected income tax expense	**-4,219**	-5,990
Foreign tax-rate differential	**307**	238
Trade tax-rate differential	**26**	12
Tax-law changes	**78**	27
Change of unrecognized deferred tax assets including write-down of deferred tax assets	**-76**	-16
Tax-free income and non-deductible expenses	**376**	622
Other	**-230**	-446
Actual income tax expense	**-3,738**	-5,553

Tax-free income and non-deductible expenses includes all reconciling items of German and foreign companies relating to tax-free income and non-deductible expenses, e.g. tax-free gains/losses on the equity-method investments. The decrease compared to the previous year is due, among other things, to the decrease in tax-free equity-method earnings in 2024.

The other items which include, among other things, effects from withholding taxes on dividends, patents and licenses, decreased compared to the prior year.

Deferred tax assets and deferred tax liabilities are offset if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and if there is the right to set off current tax assets against current tax liabilities. In the presentation of deferred tax assets and liabilities in the Consolidated Statement of Financial Position, no difference is made between current and non-current.

In respect of each type of temporary difference and in respect of each type of unutilized tax-loss carryforwards as well as unutilized tax credits at 31 December, the deferred tax assets and liabilities presented in the Consolidated Statement of Financial Position before offset are summarized in the following table.

At 31 December 2024, unrecognized deferred tax assets in the Consolidated Statement of Financial Position relate mainly to tax-loss carryforwards and tax credits of €116 million. These can largely be carried forward indefinitely.

The Mercedes-Benz Group believes that it is more likely than not that it will be unable to utilize those unrecognized deferred tax assets.

Split of deferred tax assets and liabilities

	31 December 2024		31 December 2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
In millions of euros				
Intangible assets, mainly development costs	**220**	**-5,301**	175	-4,709
Property, plant and equipment	**470**	**-2,469**	431	-2,591
Equipment on operating leases	**3,647**	**-4,664**	3,465	-3,939
Inventories	**1,749**	**-73**	1,379	-18
Receivables from financial services	**501**	**-2,168**	795	-2,178
Miscellaneous assets, mainly other financial assets	**5,044**	**-729**	4,396	-1,583
Tax-loss carryforwards and unused tax credits	**340**	**–**	386	–
Provisions for pensions and similar obligations	**143**	**-2,787**	152	-2,832
Other provisions	**1,008**	**-487**	886	-461
Miscellaneous liabilities, mainly liabilities	**3,399**	**-888**	3,267	-407
	16,521	**-19,566**	15,332	-18,718
Unrecognized deferred tax assets	**-117**	**–**	-201	–
thereof on temporary differences	**-1**	**–**	-29	–
thereof on tax-loss carryforwards and tax credits	**-116**	**–**	-172	–
Deferred tax assets and liabilities (unbalanced)	**16,404**	**-19,566**	15,131	-18,718
Balance sheet amounts of deferred tax assets and liabilities (balanced)	**4,335**	**-7,497**	4,127	-7,714
Deferred tax assets/deferred tax liabilities, net		**-3,162**		-3,587

The development of deferred tax assets and deferred tax liabilities, net, is shown in the following table.

Changes in deferred tax assets/deferred tax liabilities, net

In millions of euros	**2024**	2023
Deferred tax assets/deferred tax liabilities, net as of 1 January	**-3,587**	-3,185
Deferred tax expense/benefit in the Consolidated Statement of Income	**170**	-209
Change in deferred tax assets/liabilities on equity instruments included in other comprehensive income/loss	**30**	-3
Change in deferred tax assets/liabilities on debt instruments included in other comprehensive income/loss	**-3**	-6
Change in deferred tax assets/liabilities on derivative financial instruments included in other comprehensive income/loss	**504**	-218
Change in deferred tax assets/liabilities on actuarial gains/losses from defined benefit pension plans included in other comprehensive income/loss	**-226**	201
Other changes[1]	**-50**	-167
Deferred tax assets/deferred tax liabilities, net as of 31 December	**-3,162**	-3,587

1 The other changes primarily relate to changes due to the effects of currency translation.

From the current perspective, the retained earnings of non-German subsidiaries are largely intended to be reinvested in those operations. The Group did not recognize deferred tax liabilities on retained earnings which are intended to be reinvested at non-German subsidiaries of €36,505 million (2023: €27,529 million). If those earnings were paid out as dividends, an amount of 5% would be taxed under German taxation rules and they may be subject to non-German withholding tax. Additionally, other income tax consequences might arise if the dividends first have to be distributed by a non-German subsidiary to a non-German holding company. Normally, the distribution would lead to an additional income tax expense. Estimating the amount of taxable temporary differences for these undistributed foreign earnings would require a disproportionate effort. Deferred tax liabilities on expected distributions from subsidiaries and potential distributions from associated companies amount to a total of €321 million (2023: €441 million).

In the Group, several years have not been finally assessed for tax purposes. The Mercedes-Benz Group believes that it has recognized adequate liabilities for any future income taxes that may be owed for all open tax years. Nevertheless, it cannot be ruled out that tax arrears payments might exceed the liabilities recognized in the financial statements.

As a result of future adjudications or changes in the opinions of the fiscal authorities, it cannot be ruled out that the Mercedes-Benz Group might receive tax refunds for previous years. In particular, from 2012 to 2021, Mercedes-Benz Group AG incurred currency exchange-rate related losses from the financing of Group companies based abroad totalling €2.1 billion, which were compensated by corresponding hedging instruments. For the years until 2021, the German tax authorities consider that exchange-rate related losses from the financing of Group companies are generally not to be recognized, while the compensating profits from the hedging activities remain taxable. In 2021, the German Modernization of Corporate Income Tax Act stipulated that such exchange-rate losses are generally deductible. However, this only applies from 2022 onwards. The company does not share the legal opinion represented by the tax authorities for the years up to 2021. In the meantime, a lawsuit was also filed with the Finance Court.

11. Intangible assets

Intangible assets developed as shown on the following page.

At 31 December 2024, goodwill of €388 million (2023: €389 million) related to the Mercedes-Benz Mobility segment, goodwill of €345 million (2023: €335 million) related to the Mercedes-Benz Cars segment and goodwill of €21 million (2023: €21 million) related to the Mercedes-Benz Vans segment.

At 31 December 2024, development costs of €15,695 million (2023: €14,068 million) related to the Mercedes-Benz Cars segment and €1,558 million (2023: €1,081 million) to the Mercedes-Benz Vans segment.

Non-amortizable intangible assets primarily relate to goodwill and development costs for projects which have not yet been completed (carrying amount at 31 December 2024: €9,549 million; 2023: €6,131 million). The increase in capitalized development costs is mainly due to development services for the new platform generations geared to electromobility. In addition, other intangible assets with a carrying amount of €404 million (2023: €262 million) are not amortizable. These assets relate in particular to emission certificates and sales rights of the vehicle segments with indefinite useful lives.

The Group plans to continue to use these assets unchanged.

The following table shows the line items of the Consolidated Statement of Income in which total amortization expense for intangible assets is included.

Amortisation expense for intangible assets in the Consolidated Statement of Income

In millions of euros	**2024**	2023
Cost of sales	**2,262**	2,339
Selling expenses	**34**	49
General administrative expenses	**72**	67
Research and non-capitalized development costs	**19**	16
	2,387	2,471

Intangible assets

In millions of euros	Goodwill (acquired)	Development costs (internally generated)[1]	Other intangible assets (acquired)	Total
Acquisition/manufacturing costs				
Balance at 1 January 2023	876	21,733	4,196	26,805
Additions	–	3,812	701	4,513
Transfers	–	–	–	–
Disposals	-2	-776	-331	-1,109
Other changes[2]	-10	–	-142	-152
Balance at 31 December 2023	864	24,769	4,424	30,057
Additions	**–**	**4,136**	**490**	**4,626**
Transfers	**–**	**–**	**-58**	**-58**
Disposals	**-1**	**-1,801**	**-1,093**	**-2,895**
Other changes[2]	**13**	**–**	**53**	**66**
Balance at 31 December 2024	**876**	**27,104**	**3,816**	**31,796**
Depreciation/impairment				
Balance at 1 January 2023	127	8,196	2,613	10,936
Additions	–	2,152	319	2,471
Disposals	–	-727	-173	-900
Other changes[2]	-8	-1	-34	-43
Balance at 31 December 2023	119	9,620	2,725	12,464
Additions	**–**	**2,018**	**369**	**2,387**
Disposals	**–**	**-1,787**	**-744**	**-2,531**
Other changes[2]	**3**	**–**	**37**	**40**
Balance at 31 December 2024	**122**	**9,851**	**2,387**	**12,360**
	–	–	–	–
Carrying amount at 31 December 2023	745	15,149	1,699	17,593
Carrying amount at 31 December 2024	**754**	**17,253**	**1,429**	**19,436**

1 Including capitalized borrowing costs on development costs of €100 million (2023: €113 million). Amortization amounted to €13 million (2023: €12 million).
2 Mainly relates to changes due to currency translations, changes in the scope of consolidation and reclassification to the balance sheet item Assets held for sale.

12. Property, plant and equipment including right-of-use assets

Property, plant and equipment as shown in the Consolidated Statement of Financial Position with a carrying amount of €26,537 million (2023: €26,090 million) also includes right-of-use assets, that the Group received as lessee. Property, plant and equipment, including right-of-use assets, developed as shown on the following page.

In 2024, government grants of €30 million (2023: €69 million) were deducted from the carrying amount of property, plant and equipment.

The following tables show additional disclosures related to lessee accounting.

Expenses related to lessee accounting

In millions of euros	**2024**	2023
Interest expense from lease transactions	**72**	57
Expenses from short-term leases	**26**	17
Expenses from leases of low-value assets	**17**	11
Expenses from variable lease payments	**54**	24

Cash outflows related to lessee accounting

In millions of euros	**2024**	2023
Total cash outflow for lease contracts	**667**	765
Future cash outflows that are not reflected in the lease liabilities	**4,447**	4,144

Further information on lessee accounting is provided in Notes 25 and 33.

Property, plant and equipment including right-of-use assets

In millions of euros	Land, land rights and buildings, including buildings on land owned by others	thereof right-of-use assets from leasing	Technical equipment and machinery	thereof right-of-use assets from leasing	Other equipment, factory and office equipment	thereof right-of-use assets from leasing	Advance payments and construction in progress	Total	thereof right-of-use assets from leasing
Acquisition/manufacturing costs									
Balance at 1 January 2023	19,019	3,689	23,916	746	29,783	84	1,517	74,235	4,519
Additions	545	449	570	1	1,135	19	1,937	4,187	469
Transfers	138	–	549	91	551	–	-1,147	91	91
Disposals	-503	-299	-1,403	-7	-797	-16	-105	-2,808	-322
Other changes[1]	-805	-234	-198	-4	-387	-2	25	-1,365	-240
Balance at 31 December 2023	18,394	3,605	23,434	827	30,285	85	2,227	74,340	4,517
Additions	**547**	**405**	**615**	**24**	**861**	**27**	**2,472**	**4,495**	**456**
Transfers	**216**	**-1**	**568**	**58**	**297**	**1**	**-1,023**	**58**	**58**
Disposals	**-272**	**-215**	**-1,525**	**-272**	**-867**	**-29**	**-90**	**-2,754**	**-516**
Other changes[1]	**377**	**238**	**165**	**9**	**460**	**4**	**29**	**1,031**	**251**
Balance at 31 December 2024	**19,262**	**4,032**	**23,257**	**646**	**31,036**	**88**	**3,615**	**77,170**	**4,766**
Depreciation/impairment									
Balance at 1 January 2023	8,791	1,448	15,295	295	22,882	50	17	46,985	1,793
Additions	757	450	1,647	196	1,800	19	–	4,204	665
Disposals	-325	-160	-1,289	-7	-722	-13	–	-2,336	-180
Other changes[1]	-258	-77	-117	–	-269	-2	41	-603	-79
Balance at 31 December 2023	8,965	1,661	15,536	484	23,691	54	58	48,250	2,199
Additions	**769**	**456**	**1,730**	**145**	**1,898**	**18**	**3**	**4,400**	**619**
Disposals	**-170**	**-135**	**-1,512**	**-272**	**-805**	**-28**	**–**	**-2,487**	**-435**
Other changes[1]	**75**	**39**	**80**	**5**	**315**	**1**	**–**	**470**	**45**
Balance at 31 December 2024	**9,639**	**2,021**	**15,834**	**362**	**25,099**	**45**	**61**	**50,633**	**2,428**
Carrying amount at 31 December 2023	9,429	1,944	7,898	343	6,594	31	2,169	26,090	2,318
Carrying amount at 31 December 2024	**9,623**	**2,011**	**7,423**	**284**	**5,937**	**43**	**3,554**	**26,537**	**2,338**

1 Mainly relates to changes due to currency translations, changes in the scope of consolidation and reclassification to the balance sheet item Assets held for sale.

13. Equipment on operating leases

The development of equipment on operating leases is shown in the table Equipment on operating leases.

The carrying amount of the equipment on operating leases includes leased right-of-use assets from recognized head leases with the Daimler Truck Group of €111 million (2023: €268 million).

The revenue received from the sale of Group products to external dealers – plus in particular any dealer margin – is estimated by the Group as being of the magnitude of the respective addition to leased equipment at Mercedes-Benz Mobility. These vehicles generate revenue from lease payments and subsequent resale on the basis of the separate leasing contracts. In 2024, additions to leased equipment from these vehicles at Mercedes-Benz Mobility amounted to €11.4 billion (2023: €10.4 billion).

At 31 December 2024, equipment on operating leases with a carrying amount of €10,890 million was pledged as security for liabilities from ABS transactions (2023: €8,187 million). These liabilities related to a securitization transaction of future lease payments on leased vehicles (see also Note 25).

Equipment on operating leases

In millions of euros	
Acquisition/manufacturing costs	
Balance at 1 January 2023	56,026
Additions[1]	21,124
Transfers	-1
Disposals	-21,766
Other changes[2]	-563
Balance at 31 December 2023	54,820
Additions[1]	**24,269**
Transfers	**3**
Disposals	**-21,788**
Other changes[2]	**893**
Balance at 31 December 2024	**58,197**
Depreciation/impairment	
Balance at 1 January 2023	14,474
Additions	7,022
Disposals	-8,006
Other changes[2]	-382
Balance at 31 December 2023	13,108
Additions	**7,895**
Disposals	**-8,240**
Other changes[2]	**214**
Balance at 31 December 2024	**12,977**
Carrying amount at 31 December 2023	41,712
Carrying amount at 31 December 2024	**45,220**

1 The additions include €9,770 million (2023: €8,353 million) that were not acquired from external dealers.
2 Primarily changes from currency translation and in the year 2023 reclassifications to Assets held for sale.

Due to the slower transition to all-electric vehicles, impairment losses of €380 million (2023: €8 million) were recorded for vehicles with electric drives in cost of sales mainly in the Mercedes-Benz Cars segment.

Lease payments

Maturities of lease payments under operating lease agreements to be paid by lessees to the Mercedes-Benz Group in the future, are as follows.

Maturity of undiscounted lease payments for equipment on operating leases

	31 December	
	2024	2023
In millions of euros		
Maturing		
Within one year	**7,957**	7,565
Between one year and two years	**6,036**	5,434
Between two and three years	**3,846**	2,547
Between three and four years	**2,047**	1,116
Between four and five years	**473**	284
Later than five years	**142**	146
Total lease payments	**20,501**	17,092

14. Equity-method investments

Summarized carrying amounts and gains/losses on equity-method investments

	Associated companies		Joint ventures		Total	
	2024	2023	**2024**	2023	**2024**	2023
In millions of euros						
Equity-method carrying amount[1, 2]	**12,322**	12,378	**464**	726	**12,786**	13,104
Equity-method gains/losses[1, 2]	**1,653**	2,271	**-515**	-142	**1,138**	2,129

1 Including investor-level adjustments.
2 Impairments of totalling €526 million are included, thereof associated companies €176 million and joint ventures €350 million. The Mercedes-Benz Cars segment accounts for €485 million with €41 million included in the reconciliation.

Key figures on interests in associated companies accounted for using the equity method

	Daimler Truck[1]		BBAC		Other		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
In millions of euros								
Equity interest (in %)	**31.6**	30.7	**49.0**	49.0	**–**	–	**–**	–
Stock-market price[2]	**9,099**	8,401	**–**	–	**–**	–	**–**	–
Equity-method carrying amount[3]	**8,655**	8,425	**2,443**	2,578	**1,224**	1,375	**12,322**	12,378
Equity-method gains/losses[3]	**711**	797	**1,073**	1,457	**-131**	17	**1,653**	2,271

1 The information on the amount of the share (in %) represents the share relevant for accounting purposes as of the reporting date.
2 Proportionate stock-market prices.
3 Including investor-level adjustments.

Associated companies

Daimler Truck Holding AG

The Daimler Truck Group is one of the world's largest commercial vehicle manufacturers. Its product portfolio comprises light-, medium- and heavy-duty trucks, city buses and intercity buses, coaches and bus chassis. In addition financial services aligned to the product portfolio are offered. The investment in Daimler Truck Holding AG (Daimler Truck, parent company of Daimler Truck Group) is reported in the reconciliation of the reportable segments of the Group.

The Mercedes-Benz Group calculates the proportional earnings and the at-equity carrying amount of Daimler Truck on the basis of the best possible estimates. The financial information of Daimler Truck was not available at the time of publication of this Consolidated Financial Statements. The updated at-equity-method carrying amount includes expenses of €120 million from an impairment on a Daimler Truck investment.

In May 2024, the Annual General Meeting of Daimler Truck resolved a dividend of €1.90. The distribution led to a cash inflow of €469 million and reduced the carrying amount of the investment accordingly. With the approval of the Supervisory Board, the Board of Management of Daimler Truck resolved a share buyback programme on 10 July 2023. The acquisition of the treasury shares on the stock exchange began on 2 August 2023. The first tranche of the programme was completed on 5 November 2024 and the shares were cancelled. During the share buyback programme, the Mercedes-Benz Group did not sell any of its Daimler Truck shares. A shareholding of 31.59% is used as basis for the development of the equity-method carrying amount as of 31 December 2024.

Beijing Benz Automotive Co., Ltd.

Beijing Benz Automotive Co., Ltd. (BBAC) produces and distributes Mercedes-Benz cars in China. The investment and the proportionate share in the results of BBAC are allocated to the Mercedes-Benz Cars segment.

In the second quarter of 2024, the shareholders of BBAC resolved the distribution of a dividend of €642 million. A further distribution of €644 million was resolved in the fourth quarter of 2024. The distributions reduced the shareholding's carrying amount and resulted in a cash inflow of €1,235 million.

Mercedes-Benz AG and BBAC signed a technology license agreement for the localization of the GLE at BBAC in October 2024. The Group reported a total result of €189 million from this license agreement. This is included in the line item revenue and a proportionate negative effect in the line item gains/losses on equity-method investments.

The Mercedes-Benz Group plans to contribute additional equity of approximately €0.2 billion in accordance with the shareholding ratio at BBAC.

There Holding B.V.

There Holding B.V. (THBV) owns shares of HERE International B.V. (HERE). HERE is one of the world's largest manufacturers of digital road maps for navigation systems. The high-resolution maps provide one of the foundations for autonomous driving. THBV is accounted for as an associated company in the Consolidated Financial Statements of Mercedes-Benz Group AG using the equity method and is assigned to the Mercedes-Benz Cars segment.

THBV recognized an impairment loss on the carrying amount of the investment in HERE in the second quarter of 2023 due to a reassessment of business development. The Group's proportional expenses of €92 million from the impairment were included in the line item gains/losses on equity-method investments.

Summarized IFRS financial information on significant associated companies accounted for using the equity method

	Daimler Truck		BBAC	
	2024[1]	2023[2]	**2024**[2]	2023[2]
In millions of euros				
Information on the Statement of Income				
Revenue	**39,727**	55,890	**21,747**	22,484
Profit/loss after taxes	**2,263**	3,971	**2,443**	2,999
Other comprehensive income/loss	**-471**	-622	**-39**	-2
Total comprehensive income/loss	**1,792**	3,349	**2,404**	2,997
Information on the Statement of Financial Position				
Non-current assets	**39,239**	39,494	**6,846**	6,504
Current assets	**39,442**	37,559	**8,556**	7,839
Non-current liabilities	**26,866**	26,275	**975**	920
Current liabilities	**24,573**	22,749	**8,501**	7,499
Equity (including non-controlling interests)	**27,242**	28,029	**5,926**	5,924
Reconciliation of equity from 30 September 2024 to 31 December 2024 (best estimate)				
Equity (including non-controlling interests) as of 30 September 2024	**27,242**			
Profit/loss after taxes	**498**			
Other comprehensive income/loss	**332**			
Equity (including non-controlling interests) as of 31 December 2024	**28,072**			
Reconciliation to equity-method carrying amount				
Equity (excluding non-controlling interests) attributable to the Group	**8,558**	8,331	**2,904**	2,903
Unrealized profit (-)/loss (+) on sales to/purchases from	**–**	–	**-467**	-321
Other reconciliation effects including equity-method goodwill and impairments on the investment	**97**	94	**6**	-4
Carrying amount of equity-method investment	**8,655**	8,425	**2,443**	2,578

1 Figures for the Statement of Income relate to the period of 1 January to 30 September 2024.
Figures for the Statement of Financial Position relate to the balance sheet date of 30 September 2024 and include investor level adjustments.
2 Figures for the Statement of Income relate to the period of 1 January to 31 December.
Figures for the Statement of Financial Position and the reconciliation to the equity-method carrying amount relate to the balance sheet date of 31 December and include investor level adjustments.

Joint ventures

Automotive Cells Company SE

Automotive Cells Company SE (ACC) develops and produces high-performance battery cells and modules. ACC is accounted for as a joint venture in the Consolidated Financial Statements of Mercedes-Benz Group AG using the equity method and is assigned to the Mercedes-Benz Cars segment.

The gains/losses on equity-method investments includes the pro-rata loss from the investment in ACC of €546 million (2023: pro-rata loss of €22 million). The decrease in the pro-rata result is mainly due to the increase in ACC's current losses, which arose mainly in the course of the production build-up, as well as an impairment of €350 million on the investment's carrying amount, which is mainly related to a strategic focus within ACC.

YOUR NOW Holding GmbH

YOUR NOW Holding GmbH (YOUR NOW) is assigned to the Mercedes-Benz Mobility segment. The purpose of YOUR NOW Holding is to hold shares in mobility service providers.

In 2023, YOUR NOW's gains/losses on equity-method investments included impairments of €117 million.

The following table shows summarized aggregated financial information for the other minor equity-method investments after purchase-price allocation and on a pro-rata basis.

Further information on equity-method investments is provided in Note 37.

Summarized aggregated financial information on minor equity-method investments

	Associated companies		Joint ventures	
	2024	2023	**2024**	2023
In millions of euros				
Summarized aggregated financial information (pro rata)				
Profit/loss after taxes	**36**	2	**-316**	-213
Other comprehensive income/loss	**38**	–	**9**	-8
Total comprehensive income/loss	**74**	2	**-307**	-221
Unrecognized losses	**–**	–	**-74**	-55

15. Receivables from financial services

Types of receivables

Receivables from sales financing with customers include receivables from credit financing for non-Group third parties who purchased their vehicle either from a dealer or directly from the Mercedes-Benz Group.

Receivables from sales financing with dealers represent loans for floor financing programmes for vehicles purchased from the Mercedes-Benz Group. In addition, these receivables also relate to the financing of other assets that the dealers purchased from third parties, in particular used vehicles or property.

Receivables from finance lease contracts consist of receivables from leasing contracts for which all substantial risks and opportunities incidental to the leasing business are transferred to the lessee.

In 2024, the Mercedes-Benz Group recognized a gain of €110 million (2023: €538 million) from the difference between the additions to receivables from finance lease contracts and the carrying amounts of the underlying assets.

At 31 December 2024, receivables from financial services with a carrying amount of €10,536 million (2023: €11,139 million) were pledged mostly as collateral for liabilities from ABS transactions (see also Note 25).

Receivables from financial services

	31 December 2024			31 December 2023 (adjusted)		
In millions of euros	Current	Non-current	Total	Current	Non-current	Total
Sales financing with customers	**15,753**	**29,886**	**45,639**	17,578	31,940	49,518
Sales financing with dealers[1]	**17,138**	**5,874**	**23,012**	15,069	4,824	19,893
Finance lease contracts	**6,687**	**12,745**	**19,432**	6,744	12,781	19,525
Residual-value receivables	**175**	**714**	**889**	302	836	1,138
Gross carrying amount	**39,753**	**49,219**	**88,972**	39,693	50,381	90,074
Loss allowances	**-433**	**-672**	**-1,105**	-416	-639	-1,055
Net carrying amount	**39,320**	**48,547**	**87,867**	39,277	49,742	89,019

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.

The following table shows the maturities of the future contractual lease payments and the development of lease payments to the carrying amounts of receivables from finance lease contracts.

Development of the receivables from finance lease contracts

		31 December
	2024	2023
In millions of euros		
Contractual future lease payments	**17,468**	17,716
thereof due		
within one year	**6,431**	6,455
between one year and two years	**4,741**	5,515
between two and three years	**3,076**	2,649
between three and four years	**2,001**	1,925
between four and five years	**1,017**	949
later than five years	**202**	223
Unguaranteed residual values	**4,242**	3,922
Gross investment	**21,710**	21,638
Unearned finance income	**-2,278**	-2,113
Gross carrying amount	**19,432**	19,525
Loss allowances	**-323**	-291
Net carrying amount	**19,109**	19,234

Loss allowances

The loss allowances for receivables from financial services due to expected credit losses are shown in the table Development of loss allowances for receivables from financial services due to expected credit losses.

The carrying amounts of receivables from financial services based on modified contracts that are shown in stages 2 and 3, amounted to €580 million at 31 December 2024 (2023: €463 million). In addition, carrying amounts of €91 million in connection with contractual modifications were reclassified at 31 December 2024 from stages 2 and 3 into stage 1 (2023: €86 million).

Credit risks

Information on credit risks included in receivables from financial services is shown in the table Credit risks included in receivables from financial services.

Longer overdue periods regularly lead to higher loss allowances.

At the beginning of the contracts, collaterals of usually at least 100% of the carrying amounts were agreed, which are backed by the vehicles based on the underlying contracts. Over the term of the contracts, the performance of the collateral is continuously included in the calculation of the risk provision to be recognized, so the net carrying amounts of the credit-impaired contracts are essentially backed by the underlying vehicles.

Further information on loss allowances, financial risks and types of risks is provided in Note 33.

Development of loss allowances for receivables from financial services due to expected credit losses

	12-month expected credit loss (Stage 1)		Lifetime expected credit loss Not credit impaired (Stage 2)		Lifetime expected credit loss Credit impaired (Stage 3)		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
In millions of euros								
Balance at 1 January	**329**	364	**240**	170	**486**	664	**1,055**	1,198
Additions	**132**	141	**54**	48	**107**	123	**293**	312
Remeasurement changes	**-36**	-23	**90**	115	**307**	216	**361**	308
Utilization	**-4**	-4	**-36**	-19	**-154**	-107	**-194**	-130
Reversals	**-140**	-177	**-88**	-72	**-205**	-226	**-433**	-475
Transfer to stage 1	**60**	56	**-46**	-42	**-14**	-14	**–**	–
Transfer to stage 2	**-33**	-27	**50**	88	**-17**	-61	**–**	–
Transfer to stage 3	**-3**	-3	**-45**	-33	**48**	36	**–**	–
Exchange-rate effects and other changes	**-8**	2	**25**	-15	**6**	-145	**23**	-158
Balance at 31 December	**297**	329	**244**	240	**564**	486	**1,105**	1,055

Credit risks included in receivables from financial services[1]

	12-month expected credit loss (Stage 1)		Lifetime expected credit loss Not credit impaired (Stage 2)		Lifetime expected credit loss Credit impaired (Stage 3)		Total	
	2024	2023 (adjusted)	**2024**	2023	**2024**	2023	**2024**	2023 (adjusted)
In millions of euros								
Gross carrying amount at 31 December[2]	**78,997**	81,687	**8,569**	7,109	**1,490**	1,278	**89,056**	90,074
thereof								
not past due[2]	**78,377**	80,879	**6,596**	5,442	**260**	254	**85,233**	86,575
past due 30 days and less	**612**	806	**1,003**	658	**79**	52	**1,694**	1,516
past due 31 to 60 days	**1**	2	**696**	704	**77**	50	**774**	756
past due 61 to 90 days	**–**	–	**273**	305	**95**	60	**368**	365
past due 91 to 180 days	**–**	–	**1**	–	**337**	335	**338**	335
past due more than 180 days	**7**	–	**–**	–	**642**	527	**649**	527

1 In the reporting year, it includes the part of the gross carrying amount that was reclassified to the Assets held for sale item of the Consolidated Statement of Financial Position.
2 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.

16. Marketable debt securities and similar investments

The marketable debt securities and similar investments amount to €7,730 million (2023: €6,858 million). When a short-term liquidity requirement is covered with quoted securities, those securities are presented as current assets. Further information on marketable debt securities and similar investments is provided in Note 32.

17. Other financial assets

The line item Other financial assets presented in the Consolidated Statement of Financial Position is comprised as shown in the following table. Further information on other financial assets is provided in Note 32.

At 31 December 2024, other financial assets included receivables with a carrying amount of €519 million (2023: €450 million) that were pledged as collateral for liabilities.

Other financial assets

	31 December 2024			31 December 2023		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Equity instruments and debt instruments	**–**	**1,293**	**1,293**	–	1,507	1,507
recognized at fair value through profit or loss	**–**	**589**	**589**	–	649	649
recognized at fair value through other comprehensive income	**–**	**704**	**704**	–	858	858
Derivative financial instruments used in hedge accounting	**586**	**705**	**1,291**	1,038	1,622	2,660
Other financial assets measured at fair value through profit or loss	**144**	**127**	**271**	232	115	347
Other receivables and miscellaneous other financial assets	**2,138**	**895**	**3,033**	2,329	1,096	3,425
	2,868	**3,020**	**5,888**	3,599	4,340	7,939

18. Other assets

Non-financial other assets are comprised as shown in the following table.

Other expected reimbursements predominantly relate to recovery claims against our suppliers in connection with issued product warranties.

Other assets

	31 December 2024			31 December 2023 (adjusted)		
	Current	Non-current	Total	Current	Non-current	Total[1]
In millions of euros						
Reimbursements due to other tax refunds	**2,373**	**170**	**2,543**	2,621	37	2,658
Other expected reimbursements	**273**	**189**	**462**	184	151	335
Asset from defined benefit pension plans	**–**	**1,553**	**1,553**	–	643	643
Prepaid expenses	**457**	**164**	**621**	445	169	614
Other	**478**	**315**	**793**	425	265	690
	3,581	**2,391**	**5,972**	3,675	1,265	4,940

1 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1.

19. Inventories

Inventories are comprised as shown in the following table.

Inventories

	31 December	
	2024	2023 (adjusted)
In millions of euros		
Raw materials and manufacturing supplies	**2,799**	2,651
Work in progress	**3,032**	3,070
Finished goods, spare parts and products held for resale[1]	**20,069**	20,408
Advance payments	**334**	357
	26,234	26,486

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.

The amount of write-down of inventories to net realizable value recognized as an expense in cost of sales was €579 million in 2024 (2023: €620 million). The carrying amounts of inventories that are expected to be recovered or settled after more than twelve months amounted to €901 million at 31 December 2024 (2023: €812 million) and are related primarily to finished goods.

To secure obligations from partial retirement and long-term working accounts, a number of company cars and demonstration vehicles included in inventories of Mercedes-Benz AG in the amount of €1,478 million was pledged as collateral to Mercedes-Benz Pension Trust e.V. as of 31 December 2024 (2023: €1,195 million). In addition, as of 31 December 2024, inventories with a carrying amount of €78 million (2023: €44 million) were pledged as collateral for liabilities from ABS transactions.

20. Trade receivables

Trade receivables are primarily receivables from contracts with customers within the scope of IFRS 15 and are shown in the following table.

Trade receivables

	31 December	
	2024	2023
In millions of euros		
Gross carrying amount	**7,180**	7,419
Loss allowances	**-207**	-138
Net carrying amount	**6,973**	7,281

At 31 December 2024, €25 million of the trade receivables have a residual term of more than one year (2023: €33 million).

Loss allowances

The development of loss allowances for trade receivables due to expected credit losses is shown in the following table.

Development of loss allowances for trade receivables due to expected credit losses[1]

	not credit impaired (Stage 2)		Lifetime expected credit loss credit impaired (Stage 3)		Total	
	2024	2023	**2024**	2023	**2024**	2023
In millions of euros						
Balance at 1 January	**37**	70	**104**	120	**141**	190
Additions	**18**	26	**116**	51	**134**	77
Remeasurement changes	**2**	1	**13**	9	**15**	10
Utilization	**-10**	-11	**-18**	-12	**-28**	-23
Reversals	**-10**	-22	**-45**	-55	**-55**	-77
Transfer to stage 2	**–**	–	**–**	–	**–**	–
Transfer to stage 3	**-1**	-2	**1**	2	**–**	–
Exchange-rate effects and other effects	**-1**	-25	**1**	-11	**–**	-36
Balance at 31 December	**35**	37	**172**	104	**207**	141

1 In the previous year, it includes the part of loss allowances that was reclassified to the Assets held for sale item of the Consolidated Statement of Financial Position.

Credit risks

Information on credit risks included in trade receivables is shown in the following table. Further information on financial risks and types of risk is provided in Note 33.

Credit risks included in trade receivables[1]

	not credit impaired (Stage 2)		Lifetime expected credit loss credit impaired (Stage 3)		Total	
	31 December		31 December			31 December
In millions of euros	**2024**	2023	**2024**	2023	**2024**	2023
Gross carrying amount	**6,872**	7,449	**317**	110	**7,189**	7,559
thereof						
not past due	**5,528**	5,365	**8**	2	**5,536**	5,367
past due 30 days and less	**706**	1,108	**10**	–	**716**	1,108
past due 31 to 60 days	**205**	224	**3**	–	**208**	224
past due 61 to 90 days	**116**	188	**16**	1	**132**	189
past due 91 to 180 days	**136**	159	**43**	30	**179**	189
past due more than 180 days	**181**	405	**237**	77	**418**	482

1 In the reporting year and the previous year, it includes the part of the gross carrying amount that was reclassified to the Assets held for sale item of the Consolidated Statement of Financial Position.

21. Equity

Share capital

The share capital (authorized capital) is €3,070 million at 31 December 2024, unchanged compared to 31 December 2023. It is divided into 963 million (2023: 1,070 million) no-par-value shares, as 107 million treasury shares were cancelled without a capital reduction on 13 December 2024. The number of shares in circulation decreased by 29 million from 1,070 million since 1 January 2023 to 1,041 million as of 31 December 2023 due to share buybacks. The additional 78 million own shares repurchased in the year 2024 were cancelled together with the own shares repurchased in the year 2023, so that as of 31 December 2024, the number of shares in circulation, at 963 million, corresponds to the number of shares issued. All shares are fully paid up. Each no-par-value share confers the right to one vote at the General Meeting of Mercedes-Benz Group AG and, if applicable, with the exception of any new shares or treasury shares potentially not entitled to dividends, to an equal portion of the profits as defined by the dividend distribution decided upon at the General Meeting. The proportionate amount of each share in the share capital increased to approximately €3.19 as of 31 December 2024 as a result of the cancellation of repurchased own shares without a capital reduction, after having amounted to around €2.87 in the prior year.

Approved capital

The General Meeting held on 3 May 2023 authorized the Board of Management again to increase the share capital by up to a total of €1.0 billion by 2 May 2028 with the approval of the Supervisory Board against cash and/or non-cash contributions (Approved Capital 2023). The authorization enables the exclusion of shareholders' subscription rights under certain conditions and within defined limits subject to the consent of the Supervisory Board.

No use has been made of the Approved Capital 2023 to date.

Conditional capital

By resolution of the General Meeting on 8 July 2020, the Board of Management is authorized, with the consent of the Supervisory Board, until 7 July 2025 to issue convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to €10.0 billion and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no-par-value shares in Mercedes-Benz Group AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can be offered in exchange for cash and/or non-cash contributions, in particular for shares in other companies. The terms and conditions of the bonds can include conversion obligations or warranty obligations. The bonds can be issued once or several times, wholly or in instalments, or simultaneously in various tranches as well as by subsidiaries of the company within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Among other things, the Board of Management was also authorized to exclude shareholders' subscription rights for the bonds under certain conditions and within defined limits subject to the consent of the Supervisory Board.

In order to fulfil the conditions of the above-mentioned authorization, the General Meeting on 8 July 2020 also resolved to increase the share capital conditionally by an amount of up to €500 million (Conditional Capital 2020).

No use was made of this authorization to issue convertible and/or warrant bonds during the reporting period.

Treasury shares

By resolution of the General Meeting on 8 July 2020, the Board of Management is authorized, with the consent of the Supervisory Board, until 7 July 2025 to acquire treasury shares in a volume of up to 10% of the share capital issued as of the day of the resolution or – if this is lower – of the share capital existing at the time of the authorization being exercised, to be used for all permissible purposes. The shares can be used, among other things, with the exclusion of shareholders' subscription rights, for business combinations or to acquire companies or to be sold to third parties for cash at a price that is not significantly lower than the stock-exchange price of the company's shares. The acquired shares can also be used to fulfil obligations from issued convertible bonds and/or bonds with warrants and to be issued to employees of the company and employees and board members of the company's subsidiaries pursuant to Sections 15 et seq. of the German Stock Corporation Act (AktG). The treasury shares can also be cancelled.

In a volume up to 5% of the share capital issued as of the day of the resolution of the General Meeting, the Board of Management is authorized, with the consent of the Supervisory Board, to acquire treasury shares also by using derivatives (put options, call options, forward purchases or a combination of these instruments), whereby the term of a derivative must not exceed 18 months and must not end later than 7 July 2025.

Share buyback programmes

On the basis of the authorization to acquire the company's own shares given by the General Meeting on 8 July 2020, the Board of Management, with the approval of the Supervisory Board, resolved a share buyback programme on 16 February 2023. The acquisition of treasury shares worth up to €4 billion (not including incidental costs) on the stock exchange over a period of up to two years for the purpose of cancellation began on 3 March 2023. Mercedes-Benz Group AG separately agreed with Beijing Automotive Group Co., Ltd. and Geely Group that they will each keep their share in all voting shares of Mercedes-Benz Group AG below 10% by divesting their shares on a pro-rata basis concurrently with the share buyback programme.

On 21 February 2024, Mercedes-Benz Group AG resolved to implement a share buyback policy. Based on such policy, the future Free Cash Flow of the industrial business (as available post potential small-scale M&A transactions) generated beyond the approximately 40% dividend payout ratio of Mercedes-Benz Group previous year's net profit shall be used to fund share buybacks with the purpose of redeeming shares.

In this context, in addition to the first share buyback programme launched in March 2023, Mercedes-Benz Group AG also resolved to conduct a further share buyback programme, through which it was intended to acquire own shares worth up to €3 billion (not including incidental costs) on the stock exchange and to then cancel them. This share buyback programme was also based on the authorization by the General Meeting of Mercedes-Benz Group AG on 8 July 2020. The upper limit of 10% of the share capital applies to both buyback programmes together.

The additional share buyback programme commenced on 10 May 2024 and was initially implemented in parallel with the share buyback programme which had been started on 3 March 2023 and concluded on 1 August 2024. The additional share buyback programme was completed on 29 November 2024.

From March 2023 to November 2024, as part of the two share buyback programmes, a total of 107 million of the company's own shares were repurchased at a purchase price of €6,992 million (including transaction costs), representing €307 million or around 10% of the share capital.

All own shares repurchased under the 2023 and 2024 share buyback programmes were cancelled on 13 December 2024 without a capital reduction. This increased the proportionate amount of each share in the share capital from around €2.87 to around €3.19.

Employee share purchase plan

In the first quarter of 2024, as in the previous year, Mercedes-Benz Group AG purchased 1.0 million shares of Mercedes-Benz Group AG for the employee share purchase plan pursuant to Section 71 Subsection 1 No. 2, of the German Stock Corporation Act (AktG). The purchase was carried out without utilizing the authorization to acquire treasury shares granted by the General Meeting on 8 July 2020. The shares, which were reissued to Group employees for a total selling price of €58 million, were purchased for a price of €73 million and represented €2.8 million or 0.09% of the share capital (2023: 0.9 million shares of Mercedes-Benz Group AG representing €2.7 million or 0.09% of the share capital were purchased for a price of €66 million for a total selling price of €53 million).

Capital reserves

Capital reserves primarily comprise premiums arising on the issue of shares as well as expenses relating to the exercise of the up to 2014 exercisable stock option plans and the issue of employee shares, effects from changes in ownership interests in consolidated entities and directly attributable related transaction costs.

Retained earnings

Retained earnings comprise the accumulated net profits and losses of all companies included in Mercedes-Benz Group's Consolidated Financial Statements, less any profits distributed. In addition, the remeasuring of defined benefit plans and the corresponding effects arising from equity-method investments and the respective related deferred taxes are presented within retained earnings. Further effects result from the cancellation of own shares.

In the financial year 2024, other comprehensive income/loss on equity-method investments, that will not be reclassified to profit/loss in the Statement of Income, resulted in gains of €23 million (2023: losses of €16 million). In the year 2024, these resulted from equity instruments (2023: mainly losses of €6 million from equity instruments and €10 million from the remeasuring of defined benefit plans).

Dividend

Under the German Stock Corporation Act (AktG), the dividend is paid out of the distributable profit reported in the Annual Financial Statements of Mercedes-Benz Group AG (parent company only) in accordance with the German Commercial Code (HGB). The management will propose to the shareholders at the General Meeting the payment of €4,140 million of the distributable profit of Mercedes-Benz Group AG for the 2024 financial year as a dividend to the shareholders, equivalent to €4.30 per no-par-value share entitled to a dividend and the transfer of €146 million to retained earnings.

For the 2023 financial year, in accordance with the adjusted proposal for the appropriation of profits, the General Meeting resolved that €5,486 million (€5.30 per no-par-value share entitled to a dividend) be distributed to the shareholders from the distributable profit. Further €563 million were transferred to retained earnings, of which a portion of €184 million was attributable to the 34.7 million treasury shares not entitled to dividends held by Mercedes-Benz Group AG directly or indirectly at the time of the 2024 General Meeting.

Other reserves

Other reserves comprise accumulated unrealized gains/losses from currency translation of the financial statements of the consolidated foreign companies and accumulated unrealized gains/losses on financial assets, derivative financial instruments and equity-method investments.

The changes in other reserves are included in other comprehensive income/loss and are presented in the Consolidated Statement of Comprehensive Income/Loss.

In the financial year 2024, other comprehensive income/loss on equity-method investments, that may be reclassified to profit/loss in the Statement of Income in the future, resulted in a total of zero (2023: losses of €245 million). In 2024, the effects resulted mainly from gains from currency translation of €49 million, with offsetting losses of €50 million from derivative financial instruments (2023: mainly losses of €247 million from currency translation).

22. Share-based payment

At 31 December 2024, the Group has the 2021–2024 Performance Phantom Share Plans (PPSP) in favour of the members of the Board of Management and executives entitled to participate that have not yet been paid out. As instruments of share-based payment with cash settlement, the PPSP are measured at their fair values on the balance sheet date. They are paid out at the end of their contractually defined periods; an earlier, proportionate payout is only possible under certain conditions when a beneficiary leaves the company. PPSP 2020 was paid out as planned in the first quarter of 2024.

Moreover, until the 2022 financial year, 50% of the annual bonus of the members of the Board of Management was paid out after a waiting period of one year. The actual payout was determined by the development of the Mercedes-Benz Group share compared to an automobile-related index (Auto-STOXX). The fair value of this medium-term annual bonus, which depends on that development, is measured by using the intrinsic value at the reporting date. The payment of the annual bonus for the 2022 financial year in 2024 essentially corresponded to the amount deferred.

The pre-tax effects of share-based payment arrangements for the executives of the Group and the members of the Board of Management of Mercedes-Benz Group AG on the Consolidated Statement of Income and Consolidated Statement of Financial Position are shown in the following table.

The details shown in the table do not represent any paid or committed remuneration, but refer to expenses calculated according to IFRS.

Effects of share-based payment

	Expense		Provision 31 December	
	2024	2023	**2024**	2023
In millions of euros				
PPSP	**107**	248	**325**	596
thereof PPSP of the members of the Board of Management	**12**	16	**28**	36
Medium-term component of annual bonus of the members of the Board of Management	**–**	8	**–**	15
	107	256	**325**	611

In 2024, as in previous years, the Group issued a Performance Phantom Share Plan (PPSP), under which eligible board members and employees of the Mercedes-Benz Group are granted phantom shares entitling them to receive cash payments after four years. During the four-year period between the allocation of the preliminary phantom shares and the payout of the plan after the end of the term, the phantom shares earn a dividend equivalent to the amount of the actual dividend paid on real Mercedes-Benz Group shares in the respective year. The amount of cash paid after the end of the holding period is based on the final number of vested phantom shares (determined after three years according to the degree of target achievement of specific performance indicators) multiplied by the quoted price of the Mercedes-Benz Group's ordinary shares (calculated as an average price over a specified period after the end of the four-year plan period). The vesting period is therefore four years. For the existing plans, the quoted price of the phantom shares to be used for the payout is limited to 2.5 times the phantom share price at the date of grant. Furthermore, in the case of the plans PPSP 2021 and 2022, the payout for the members of the Board of Management is also limited to 2.5 times the allotment value used to determine the preliminary number of phantom shares. The limitation of the payout for the members of the Board of Management also includes the dividend equivalents.

For the PPSP 2021 to PPSP 2024, the degree of target achievement is determined on the basis of the relative share performance, which measures the performance development of the Mercedes-Benz Group share compared with the development of a performance index based on a group of competitors including the Mercedes-Benz Group, and the return on sales (RoS) of the Mercedes-Benz Group compared with the average revenue-weighted RoS of a group of competitors. Beginning with PPSP 2023, environmental, social and governance (ESG) targets are also included in the target achievement in order to promote the sustainable realignment and long-term, sustainable development of the Group. The achievement of the financial targets (relative share performance and RoS) accounts for 80% and the achievement of the ESG targets for 20% of the overall target achievement of the PPSP.

Special rules apply to the members of the Board of Management in the PPSP 2021 and 2022 plans: With the same average RoS of the competitors, a higher RoS of the Mercedes-Benz Group must be attained in order to obtain the same target achievement as the other plan participants. Furthermore, an additional limit on target achievement was agreed upon for the reference parameter RoS for the members of the Board of Management. In the case of target achievement between 195% and 200%, an additional comparison is made on the basis of the RoS achieved in absolute terms. If the actual RoS for the automotive business is below the strategic target in the third year of the performance period, target achievement is limited to 195%.

The Group recognizes a provision for awarding the PPSP in the provisions for other risks in the Consolidated Statement of Financial Position. Since payment per vested phantom share depends on the quoted price of Mercedes-Benz Group's share, that quoted price essentially represents the fair value of each phantom share at the balance sheet date. The proportionate remuneration expenses from the PPSP recognized in the individual years are measured based on the price of the Mercedes-Benz Group share and the estimated target achievement.

23. Pensions and similar obligations

Commitments specific to various countries for defined benefit pension plans and defined contribution pension plans exist at the Mercedes-Benz Group.

Furthermore, certain foreign subsidiaries, mainly in the United States, provide their employees with post-employment healthcare benefits with defined entitlements, which have to be accounted for as defined benefit plans.

The following table shows the composition of provisions for pensions and similar obligations.

Composition of provisions for pensions and similar obligations

	31 December	
	2024	2023[1]
In millions of euros		
Provisions for pension benefits	**615**	760
Provisions for post-employment healthcare benefits	**337**	330
	952	1,090

1 Including the part of pension obligations that was reclassified to the balance sheet item liabilities held for sale.

Defined benefit pension plans

Provisions for pension obligations are made for defined benefit pension commitments to active and former employees of the Mercedes-Benz Group and their survivors. The defined benefit pension plans provided by the Group generally vary according to the economic, tax and legal circumstances of the country concerned. Most of the defined benefit pension commitments also provide benefits in the case of invalidity and death.

Pension plans and pension plan assets

Most employees in Germany have defined benefit pension commitments; most of the pension commitments for the active workforce are based on individual retirement benefit accounts, to which the company makes annual contributions. The amount of the contributions for non-exempt employees depends on the tariff classification in the respective year or on their respective income; for executives it depends on their respective income. For the commitments to retirement benefits made prior to 2011, the contributions continue to be converted into capital components and credited to the individual pension accounts with the application of fixed factors related to each employee's age. The conversion factors include a fixed value increase. For the commitments to retirement benefits made as of 2011, the company guarantees at a minimum the value of the contributions paid into a cash-balance plan. Pension payments are made either as a life annuity, twelve annual instalments, or a single lump sum.

In addition, closed to new entrants defined benefit plans exist which primarily depend on employees' wage-tariff classification upon transition into the benefit phase and which foresee a life annuity.

As well as the employer-financed pension plans granted by German companies, the employees of some companies are also offered various deferred compensation models.

Most of the pension obligations in Germany relating to defined benefit pension commitments are funded by investment funds. Contractual trust arrangements (CTA) exist between Mercedes-Benz Group AG as well as some subsidiaries in Germany and the Mercedes-Benz Pension Trust e.V. The Mercedes-Benz Pension Trust e.V. acts as a collateral trust fund.

In 2018, Mercedes-Benz Group AG transferred certain pension obligations and plan assets of retired employees and their survivors to Mercedes-Benz Pensionsfonds AG (previously Daimler Pensionsfonds AG; pension fund). These benefits are administrated by that non-insurance-like pension fund, which falls under the scope of the Act on the Supervision of Insurance Undertakings and is therefore subject to the oversight of the Federal Financial Supervisory Agency (BaFin).

Insofar as in the future, BaFin rules that a deficit has occurred in the pension fund, a supplementary contribution will be required from Mercedes-Benz Group AG.

In Germany, there are normally no statutory or regulatory minimum funding requirements.

Outside Germany, there are plans relating to final salaries as well as plans relating to salary-based components. Most of the international obligations from defined benefit pension commitments are funded by investment funds.

The funded status of pension obligations with the split between German and international plans is shown in the following table.

Development of funded status

	31 December 2024			31 December 2023		
	Total	Germany	International	Total	Germany	International
In millions of euros						
Present value of the defined benefit obligations	**21,599**	**20,293**	**1,306**	21,992	20,660	1,332
Fair value of plan assets	**22,550**	**21,316**	**1,234**	21,890	20,646	1,244
Funded status	**951**	**1,023**	**-72**	-102	-14	-88
Effects of asset ceiling	**-13**	**–**	**-13**	-15	–	-15
Amounts in the balance sheet	**938**	**1,023**	**-85**	-117	-14	-103
thereof other assets	**1,553**	**1,426**	**127**	643	513	130
thereof provisions for pensions and similar obligations	**-615**	**-403**	**-212**	-760	-527	-233

Risks from defined benefit pension plans and pension plan assets

The general requirements with regard to retirement benefit models are included in policies with Group-wide validity. Accordingly, the committed benefits are intended to contribute to additional financial security during retirement, and in the case of death or invalidity to be capable of being planned and fulfilled by the respective company of the Group and to have a low-risk structure. In addition, a committee exists that approves new pension plans and amendments to existing pension plans as well as policies relating to company retirement benefits.

The obligations from defined benefit pension commitments and the pension plan assets can be subject to fluctuations over time. This can have a negative or a positive effect on the funded status. Fluctuations in the defined benefit pension obligations result at the Mercedes-Benz Group in particular from changes in financial assumptions such as discount rates and the cost of living, but also from changes in demographic assumptions such as adjusted life expectancies. With most of the German plans, expected long-term wage and salary increases do not have an impact on the amount of the obligation.

The fair value of the plan assets is predominantly determined by the situation on the capital markets. Unfavourable developments, especially of equity prices and fixed-interest securities, could reduce that fair value. The diversification of investment funds, the engagement of asset managers using quantitative and qualitative analyses, and the continual monitoring of performance and risk help to reduce the associated investment risk. As long as the commitments of the defined benefit pension plans remain overfunded by the plan assets, the Mercedes-Benz Group will only make additional pension contributions when legally and economically necessary.

As a general principle, it is the Group's objective to design new pension commitments as defined benefit plans based on capital components or on contributions, or as defined contribution plans.

Reconciliation of the defined benefit obligations, the fair value of the plan assets and amounts in the balance sheet

Present value of the defined benefit obligations and fair value of the plan assets

	2024	2023
In millions of euros		
Present value of the defined benefit obligations at 1 January	**21,992**	20,444
Current service cost	**374**	351
Interest cost	**681**	742
Contributions by plan participants	**37**	39
Actuarial gains (-)/losses from changes in demographic assumptions	**-50**	-8
Actuarial gains (-)/losses from changes in financial assumptions	**-540**	1,292
Actuarial gains (-)/losses from experience adjustments	**-58**	24
Actuarial gains (-)/losses	**-648**	1,308
Past service cost, curtailments and settlements	**-1**	–
Pension benefits paid	**-995**	-937
Currency exchange-rate changes and other changes	**159**	45
Present value of the defined benefit obligations at 31 December	**21,599**	21,992
Fair value of plan assets at 1 January	**21,890**	20,526
Interest income	**684**	751
Deviation between actual return on plan assets and interest income	**595**	1,280
Actual profit/loss on plan assets	**1,279**	2,031
Contributions by the employer	**145**	122
Contributions by plan participants	**37**	39
Pension benefits paid	**-957**	-898
Currency exchange-rate changes and other changes	**156**	70
Fair value of plan assets at 31 December	**22,550**	21,890

Overview of the amounts in the balance sheet

In millions of euros	**2024**	2023
Amounts in the balance sheet at 1 January	**-117**	55
Pension costs	**-370**	-342
Actuarial gains/losses (-)	**1,243**	-28
Contributions to plan assets	**145**	122
Pension payments not covered by plan assets	**38**	39
Change of effects of asset ceiling	**2**	12
Currency exchange-rate changes and other changes	**-3**	25
Amounts in the balance sheet at 31 December	**938**	-117

The composition of pension costs is shown in the table Pension costs.

Actuarial gains/losses consist of the actuarial gains/losses in the present value of the defined benefit obligations, the deviation between actual return on plan assets and interest income and the change in the effects of asset ceiling.

Composition of plan assets

Plan assets are used solely to fulfil pension obligations and to cover the administration costs of the plan assets. The composition of the Group's pension plan assets is shown in the following table.

Market prices are usually available for equity instruments and bonds due to their listing in active markets. Most of the bonds have investment grade ratings. They include government bonds of very good creditworthiness.

The investment strategy is reviewed regularly and adjusted if deemed necessary. The investment strategy is determined by Investment-Committees, which are generally composed of representatives of the Finance and HR departments. The investment strategy for the pension plan assets is generally oriented towards the structure of the pension obligations.

Composition of plan assets

In millions of euros	31 December **2024**	31 December 2023
Equity instruments[1]	**7,849**	7,611
Government bonds	**3,594**	3,174
Corporate bonds	**8,804**	8,729
Securitized bonds	**143**	140
Bonds	**12,541**	12,043
Other exchange-traded instruments	**128**	117
Exchange-traded instruments	**20,518**	19,771
Alternative investments and other non-exchange-traded instruments	**369**	642
Real estate	**655**	642
Cash and cash equivalents	**1,008**	835
Non-exchange-traded instruments	**2,032**	2,119
Fair value of plan assets	**22,550**	21,890

1 Including the shares in Daimler Truck in the amount of €1,515 million (2023: €1,398 million) and in Nissan Motor Co., Ltd. in the amount of €453 million (2023: €526 million).

Pension costs

The components of pension costs included in the Consolidated Statement of Income are shown in the following table.

Pension costs

In millions of euros	**2024**	2023
Current service cost	**-374**	-351
Past service cost, curtailments and settlements	**1**	–
Net interest expense	**-22**	-23
Net interest income	**25**	32
	-370	-342

Measurement assumptions

The measurement date for the defined benefit pension obligations and plan assets is generally 31 December. The measurement date for the periodic pension cost is generally 1 January. The assumptions used to calculate the defined benefit obligations vary according to the economic conditions of the country in which the pension plans are situated.

Calculation of the pension obligations uses life expectancy for the German plans based on the Heubeck 2018 G mortality tables. Comparable country-specific calculation methods are used for international plans.

The following significant weighted average measurement factors are used to calculate pension benefit obligations.

Significant factors for the calculation of pension benefit obligations

	31 December			31 December
	2024	2023	**2024**	2023
In %	Germany	Germany	International	International
Discount rates	**3.4**	3.2	**5.4**	5.0
Expected increases in cost of living[1]	**2.0**	2.2	**–**	–

1 For German plans – depending on the design of the specific plan – expected increases in cost of living may affect the obligation to the Group's active employees as well as to retirees and their survivors. For most international plans, expected increases in cost of living do not have a material impact on the amount of the obligation.

Sensitivity analysis

The calculations carried out by actuaries were done in isolation for the evaluation parameters regarded as important. This means that if there is a simultaneous change in several parameters, the individual results cannot be summed due to correlation effects. With a change in the parameters, the sensitivities shown cannot be used to derive a linear development of the defined benefit obligation.

An increase or decrease in the main actuarial assumptions would have the following effects on the present value of the defined benefit pension obligations.

Sensitivity analysis for the present value of defined benefit obligations

		31 December	
		2024	2023[1]
In millions of euros			
Sensitivity to			
discount rates	+0,50%	**-1,108**	-617
discount rates	-0,50%	**1,149**	649
expected increases in cost of living	+0,25%	**129**	58
expected increases in cost of living	-0,25%	**-125**	-58
life expectancy	+1 year	**354**	359
life expectancy	-1 year	**-318**	-320

1 Sensitivities as of 31 December 2023: to discount rates +/-0.25% and to expected increases in cost of living +/-0.10%.

Calculation of the sensitivity to life expectancy by means of fixed (non-age-dependent) factors for a reference person results in a life expectancy one year higher or one year lower.

Effect on future cash flows

For the year 2025, the Group plans to make contributions of €0.2 billion to the plan assets; the final amount is usually set in the fourth quarter of a year. The pensions benefits paid are expected to amount to €1.1 billion in 2025.

The weighted average duration of the defined benefit obligations amounts to 12 years (2023: 13 years).

Defined contribution pension plans

Under defined contribution pension plans, the Mercedes-Benz Group makes defined contributions to external insurance policies or investment funds. There are fundamentally no further contractual obligations or risks arising from these pension obligations for the Mercedes-Benz Group in excess of the defined contributions. The Group also pays contributions to statutory pension plans. In 2024, the total costs from defined contribution plans amounted to €1.1 billion (2023: €1.0 billion). Of those payments, €1.1 billion (2023: €1.0 billion) was related to statutory pension plans.

24. Provisions for other risks

Product warranties

The Mercedes-Benz Group issues various types of product warranties, under which it generally guarantees the performance of products delivered and services rendered for a certain period. The provision for these product warranties covers expected costs for legal and contractual warranty claims as well as expected costs for goodwill concessions and recall campaigns. The utilization date of product warranties depends on the incidence of the warranty claims and can span the entire term of the product warranties and the goodwill period. The cash outflows in relation to non-current provisions are primarily expected within a period until 2027.

Personnel and social costs

Provisions for personnel and social costs primarily comprise expected expenses of the Group for employee anniversary bonuses, profit-sharing bonuses for non-exempt employees and variable remuneration for the management as well as early-retirement and partial-retirement plans. The additions recorded to the provisions for profit-sharing bonuses and variable remuneration in the reporting year usually result in cash outflows in the following year. The cash outflows for non-current provisions for personnel and social costs are primarily expected within a period until 2035.

Liability and litigation risks and regulatory proceedings

Provisions for liability and litigation risks and regulatory proceedings comprise costs for various legal proceedings, claims and governmental investigations, which can lead in particular to payments of compensation, punitive damages or other costly actions. They primarily include risks from litigation and regulatory proceedings in relation to Mercedes-Benz diesel vehicles. The cash outflows in relation to non-current provisions are primarily expected within a period until 2027.

Further information on liability and litigation risks and regulatory proceedings is provided in Note 30.

Other

Provisions for other risks primarily comprise expected costs for environmental protection risks, other taxes and charges related to income taxes as well as obligations from outstanding commission. They also include provisions for anticipated losses on pending transactions and various other risks which cannot be allocated to any other class of provision. The development of provisions for other risks is as follows.

Provisions for other risks

In millions of euros	Product warranties	Personnel and social costs	Litigation risks and regulatory proceedings	Others	Total
Balance at 31 December 2023	6,399	4,672	2,104	2,125	15,300
thereof current	2,980	2,580	675	1,720	7,955
thereof non-current	3,419	2,092	1,429	405	7,345
Additions	**4,086**	**1,962**	**262**	**1,616**	**7,926**
Utilizations	**-3,618**	**-2,524**	**-139**	**-1,263**	**-7,544**
Reversals	**-180**	**-77**	**-610**	**-299**	**-1,166**
Compounding and effects from changes in discount rates	**234**	**82**	**64**	**16**	**396**
Exchange-rate effects and other changes	**13**	**83**	**2**	**10**	**108**
Balance at 31 December 2024	**6,934**	**4,198**	**1,683**	**2,205**	**15,020**
thereof current	**3,239**	**2,152**	**554**	**1,743**	**7,688**
thereof non-current	**3,695**	**2,046**	**1,129**	**462**	**7,332**

25. Financing liabilities

In the year 2024, bonds totalling €17,504 million (2023: €13,608 million) were issued. Due to redemptions, the bonds were reduced by €12,415 million (2023: €11,865 million).

Furthermore, liabilities to financial institutions increased by €842 million to €26,315 million in 2024.

In addition, asset-backed securities (ABS) transactions with a total financing volume of €13,957 million (2023: €10,388 million) were carried out in 2024.

Further information on the maturities of lease liabilities as of 31 December 2024 is provided in Note 33.

The composition of financing liabilities is as follows.

Financing liabilities

	31 December 2024			31 December 2023 (adjusted)		
In millions of euros	Current	Non-current	Total	Current	Non-current	Total
Bonds[1]	**12,565**	**50,321**	**62,886**	12,659	43,454	56,113
Commercial paper	**911**	**41**	**952**	3,452	18	3,470
Liabilities to financial institutions[1]	**15,903**	**10,412**	**26,315**	15,775	9,698	25,473
Deposits from the direct banking business[1]	**1,557**	**–**	**1,557**	5,639	134	5,773
Liabilities from ABS transactions[1]	**7,305**	**10,894**	**18,199**	7,197	8,497	15,694
Lease liabilities	**485**	**1,748**	**2,233**	453	1,713	2,166
Loans, other financing liabilities[1]	**585**	**71**	**656**	532	210	742
	39,311	**73,487**	**112,798**	45,707	63,724	109,431

1 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1.

26. Other financial liabilities

The composition of other financial liabilities is shown in the following table.

Further information on other financial liabilities is provided in Note 32.

Other financial liabilities

	31 December 2024			31 December 2023 (adjusted)		
In millions of euros	Current	Non-current	Total	Current	Non-current	Total
Derivative financial instruments used in hedge accounting	**508**	**610**	**1,118**	317	798	1,115
Financial liabilities measured at fair value through profit or loss	**63**	**51**	**114**	120	68	188
Liabilities from residual value guarantees resulting from repurchase agreements	**602**	**181**	**783**	519	238	757
Liabilities from wages and salaries	**735**	**4**	**739**	864	6	870
Deposits received	**199**	**478**	**677**	248	454	702
Credit from customers	**166**	**–**	**166**	141	–	141
Other[1]	**1,798**	**166**	**1,964**	2,148	78	2,226
	4,071	**1,490**	**5,561**	4,357	1,642	5,999

1 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1.

27. Contract and refund liabilities

The following table shows the composition of contract and refund liabilities.

Contract and refund liabilities

In millions of euros	**2024**	31 December 2023 (adjusted)
Service and maintenance contracts and extended warranties	**4,275**	4,147
Other contract liabilities	**1,926**	1,678
Contract liabilities	**6,201**	5,825
Obligations from sales transactions	**4,655**	4,236
Other refund liabilities	**390**	330
Refund liabilities	**5,045**	4,566
Contract and refund liabilities	**11,246**	10,391
thereof non-current[1]	**3,100**	2,658
thereof current[1]	**8,146**	7,733

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.

28. Other liabilities

Other liabilities are composed as follows.

Other liabilities

	31 December 2024			31 December 2023 (adjusted)		
In millions of euros	Current	Non-current	Total	Current	Non-current	Total
Other tax liabilities[1]	**1,562**	**8**	**1,570**	1,698	8	1,706
Deferral of advance rental payments received from operating lease arrangements[1]	**1,250**	**1,126**	**2,376**	1,097	995	2,092
Deferred income resulting from repurchase agreements that are accounted for as operating leases[1]	**169**	**126**	**295**	125	138	263
Other deferred income[1]	**235**	**69**	**304**	256	90	346
Miscellaneous other liabilities[1]	**331**	**25**	**356**	485	39	524
	3,547	**1,354**	**4,901**	3,661	1,270	4,931

1 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1.

29. Consolidated Statement of Cash Flows

Calculation of funds

At 31 December 2024, cash and cash equivalents included restricted funds of €62 million (2023: €91 million).

Cash flow from operating activities

Other operating assets and liabilities changed as follows.

Changes in other operating assets and liabilities

In millions of euros	**2024**	2023
Provisions	**-10**	487
Financial instruments	**103**	-55
Miscellaneous other assets and liabilities	**893**	1,192
	986	1,624

The decrease in miscellaneous other assets and liabilities compared to the prior year was mainly due to other non-financial liabilities and other financial assets. This was offset by other financial liabilities with a smaller positive effect.

In the prior year the increase in miscellaneous other assets and liabilities was primarily related to miscellaneous other financial assets, liabilities from accrued interest and deferred income.

The following cash flows are included in Cash flow from operating activities.

Cash flows included in Cash flow from operating activities

In millions of euros	**2024**	2023 (adjusted)
Interest paid (including refinancing financial services business)[1]	**-3,902**	-3,068
Interest received (including financial services business)[1]	**6,142**	5,689
Dividends received from equity-method investments	**1,918**	2,056
Dividends received from other shareholdings	**130**	307

1 For a more suitable presentation, the interest paid and received have been affected by reclassifications of balance sheet items. The reclassifications are described in Note 1.

In the financial year and the prior year, the other non-cash expenses and income shown in the reconciliation of profit before income taxes to cash flow from operating activities were particularly affected by the equity-method investments with the Group's share of the result and the impairments on the carrying amount. A further effect arose from the market valuation of debt instruments.

Cash Flow from financing activities

Cash flow from financing activities includes cash flows from hedging the currency risks of financing liabilities. Cash flow from financing activities included payments for the reduction of outstanding leasing liabilities of €567 million (2023: €640 million).

The liabilities arising from financing activities, divided into cash and non-cash components, changed as follows.

Changes in liabilities arising from financing activities

	2024	2023 (adjusted)
In millions of euros		
Financing cash flow	**-188**	-697
Interest paid (including refinancing financial services business)[1]	**-3,902**	-3,068
Change of control in subsidiaries	**-156**	-384
Changes in foreign exchange rates[1]	**2,493**	-2,814
Fair value changes	**22**	46
Interest expense (including refinancing financial services business)[1]	**4,195**	3,160
Other changes[1]	**849**	930

1 For a more suitable presentation, the reconciling items have been affected by reclassifications of balance sheet items. The reclassifications are described in Note 1.

The other changes mainly include effects from the increase in lease liabilities as well as from interest valuations and accruals on liabilities from financing activities.

30. Legal proceedings

Mercedes-Benz Group AG and its subsidiaries are confronted with various legal proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights (including but not limited to patent infringement actions), warranty claims, environmental matters, antitrust matters (including actions for damages) as well as investor litigation. Product-related litigation involves, among other things, claims alleging faults in vehicles. Some of these claims are asserted by way of class actions. If the outcome of such legal proceedings is detrimental to the Mercedes-Benz Group or such legal proceedings are settled, the Group may encounter substantial financial burdens, e.g. from damages payments or service actions, recall campaigns, monetary penalties or other costly actions, which would adversely affect the earnings of Mercedes-Benz Group AG. Legal proceedings and related settlements may also have an impact on the company's reputation and/or may lead to the exclusion from tenders.

Diesel emission behaviour: governmental proceedings

The activities of various authorities worldwide in connection with diesel exhaust emissions of Mercedes-Benz vehicles, which were already reported in the past, are partly ongoing, as described below. These activities particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or the interactions of the Mercedes-Benz Group with the relevant authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, consumer protection and antitrust laws.

In the United States, Mercedes-Benz Group AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements in 2020 with various authorities to settle civil environmental claims regarding the emission control systems of certain diesel vehicles. These agreements have become final and effective. As part of these settlements, the Mercedes-Benz Group has agreed to, among other things, conduct an emission modification programme for the affected vehicles and take certain other measures. The failure to meet certain of the agreements' obligations may trigger additional stipulated penalties. Provisions have been recognized for the emission modification programme and other measures; in the case of the emission modification programme under product warranties.

As already reported, in 2016, the U.S. Department of Justice (DOJ) requested that the Mercedes-Benz Group conduct an internal investigation. The Mercedes-Benz Group conducted such an internal investigation in cooperation with the DOJ's investigation. In March 2024, the DOJ informed the Mercedes-Benz Group that based on the information available to it, it had closed its investigation; thus, the DOJ will not bring any criminal charges against the Mercedes-Benz Group. In addition, further US state authorities have opened investigations pursuant to both local environmental and consumer protection laws and have requested documents and information.

In Canada, the environmental regulator Environment and Climate Change Canada (ECCC) is conducting an investigation in connection with diesel exhaust emissions based on the suspicion of potential violations of, amongst others, the Canadian Environmental Protection Act, as well as undisclosed Auxiliary Emission Control Devices and defeat devices.

The Mercedes-Benz Group cooperates with the investigating authorities.

In Germany, between 2018 and 2024, the Federal Motor Transport Authority (KBA) issued subsequent auxiliary provisions for the EC type approvals of certain Mercedes-Benz diesel vehicles, and ordered mandatory recalls, different technical remedial actions as well as, in some cases, stops of the first registration. In each of those cases, it held that certain calibrations of specified functionalities are to be qualified as impermissible defeat devices. Mercedes-Benz has a contrary legal opinion on this question and has filed timely objections against the KBA's administrative orders and determinations mentioned above. Insofar as the KBA has not remedied the objections, Mercedes-Benz has filed lawsuits with the competent administrative court. Irrespective of such objections and the lawsuits that are now pending, the Mercedes-Benz Group continues to cooperate fully with the KBA. The remedial actions requested by the KBA were developed by the Mercedes-Benz Group and assessed and approved by the KBA. The necessary recalls were initiated. Insofar as remedial actions relate to cooperation engines, the Mercedes-Benz Group has commissioned the development of the remedial actions. It cannot be ruled out that under certain circumstances, software updates may have to be reworked, or further delivery and registration stops may be ordered or resolved by the company as a precautionary measure, also with regard to the used car, leasing and financing businesses. In the course of its regular market supervision, the KBA routinely conducts further reviews of Mercedes-Benz vehicles and asks questions about technical elements of the vehicles. In addition, the Group continues to be in a dialogue with the responsible authorities to conclude the analysis of the diesel-related emissions matter and to further the update of affected customer vehicles. In light of the aforementioned administrative orders issued by the KBA, and continued discussions with the responsible authorities, as well as potential developments of the jurisprudence, it cannot be ruled out that additional administrative orders may be issued in the course of the ongoing and/or further investigations. This also applies to other responsible authorities of other EU member states and the European Commission, which conduct market surveillance under the European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval, and also e.g. to the British market surveillance authority DVSA (Driver and Vehicle Standards Agency).

In addition to the aforementioned authorities, authorities of various foreign states, particularly the South Korean Ministry of Environment and the South Korean competition authority (Korea Fair Trade Commission) are conducting various investigations and/or procedures in connection with diesel exhaust emissions. In this context, these South Korean authorities have made determinations and imposed sanctions against Mercedes-Benz which Mercedes-Benz has appealed. In the same context, national antitrust authorities of various countries are also conducting investigations, including the Brazilian antitrust authority, which opened an antitrust proceeding against Mercedes-Benz and some other car manufacturers in July 2024.

The Mercedes-Benz Group continues to fully cooperate with the authorities and institutions.

Diesel emission behaviour: consumer actions and other lawsuits in the United States, Germany and other states

Consumer class actions were filed against Mercedes-Benz Group AG in Israel in 2019 and, since 2020, in the United Kingdom, the Netherlands, Portugal, and since 2022 in Australia against Mercedes-Benz Group AG and further Group companies. The plaintiffs inter alia assert that the Mercedes-Benz Group had used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO_X) emissions and which cause excessive emissions from vehicles with diesel engines. Furthermore, they claim that the Mercedes-Benz Group deceived consumers in connection with advertising statements for Mercedes-Benz diesel vehicles. The proceedings in England and Wales consist of several individual lawsuits that have been consolidated into a class action. A class action lawsuit is also pending in Scotland. In these proceedings, allegedly injured parties must actively register for the enforcement of claims (opt-in). The plaintiffs in the consumer class action in England and Wales also allege, among other things, anti-competitive behaviour relating to technology for the treatment of diesel exhaust emissions.

In Germany, a large number of customers of Mercedes-Benz diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained illegal defeat devices and/or showed impermissibly high emission or consumption values. In particular, they refer to the KBA's recall orders (see above). Although the number of pending cases is declining, a future increase cannot be ruled out. Following a decision of the European Court of Justice in the first quarter of 2023, the German Federal Court of Justice ruled in the second quarter of 2023 that vehicle purchasers are entitled to claim damages against the manufacturer if it intentionally or negligently used an inadmissible defeat device. Based on similar allegations, the Federation of German Consumer Organizations (Verbraucherzentrale Bundesverband e.V.) filed a model declaratory action (Musterfeststellungsklage) against Mercedes-Benz Group AG with the Stuttgart Higher Regional Court in 2021. Such an action seeks a ruling that certain preconditions of alleged consumer claims are met. In March 2024, the Stuttgart Higher Regional Court largely granted the model declaratory action. Mercedes-Benz Group AG and, in respect of the dismissed claims, also the plaintiff have appealed against the decision to the Federal Court of Justice.

Mercedes-Benz Group AG and the respective other affected companies of the Group regard the pending lawsuits set out above as being without merit and continue to defend themselves against the claims.

In addition, investors from Germany and abroad have filed lawsuits for damages with the Stuttgart Regional Court alleging the violation of disclosure requirements (main proceedings) and also raised out-of-court claims for damages. The investors allege that Mercedes-Benz Group AG did not immediately disclose inside information in connection with the emission behaviour of its diesel vehicles and that it had made false and misleading public statements. They further claim that the purchase price of the financial instruments acquired by them (in particular Mercedes-Benz Group shares, formerly Daimler shares) would have been lower if Mercedes-Benz Group AG had complied with its disclosure obligations. Mercedes-Benz Group AG regards these allegations and claims as being without merit and defends itself against them. In this context, the Stuttgart Higher Regional Court initiated model case proceedings under the German Act on Model Case Proceedings in Disputes under Capital Markets Law (KapMuG) in 2021 (model case proceedings). The purpose of the model case proceedings is to reach a decision that is binding for the main proceedings regarding common factual and legal questions. The main proceedings before the Stuttgart Regional Court will be suspended until a decision is reached on the questions submitted, insofar as they cannot be dismissed independently of the questions to be decided in the model case proceedings. The decision

in the model case proceedings is binding for the suspended main proceedings. Multiple investors have used the possibility to register claims in a considerable amount with the model case proceedings in order to suspend the period of limitation. Mercedes-Benz Group AG is of the view to have duly fulfilled its disclosure obligations under capital markets law and defends itself against the investors' allegations also in these model case proceedings.

Accounting assessment of the legal proceedings in connection with diesel emission behaviour

With respect to the legal proceedings described in the two preceding chapters, in accordance with IAS 37.92 no further information is disclosed with respect to whether, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed, so as not to prejudice the Mercedes-Benz Group's position. For recognized provisions, this does not apply to the extent that a settlement has been reached or a proceeding has been concluded.

Other legal proceedings

As already reported, class actions in connection with Takata airbags are pending in the United States and Israel. The lawsuits are based on allegations that, along with Takata entities and many other companies that sold vehicles equipped with Takata airbag inflators, Mercedes-Benz Group companies and others were allegedly negligent in selling such vehicles, purportedly not recalling them quickly enough, and failing to warn consumers about a potential defect and/or to provide an adequate replacement airbag inflator. The consumer class action in the United States was dismissed against Mercedes-Benz Group AG in its entirety, and against MBUSA in part. The plaintiffs have appealed the dismissal of Mercedes-Benz Group AG and the proceedings against MBUSA are still pending. The remaining class action in Canada was discontinued by the plaintiffs and finally dismissed by the court in January 2025. This development leads to a reduction of the risk associated with the class actions. They therefore no longer qualify for separate reporting, which is why the Mercedes-Benz Group will no longer report on them in the future.

In 2021, a number of Australian Mercedes-Benz dealers lodged a claim against Mercedes-Benz Australia/Pacific Pty Ltd. (MBAuP) with a Federal Court in Australia. They allege that MBAuP forced the dealers to accept a change in their business model from a dealership model to an agency model and thus deprived them of the goodwill they created through their investments in the Australian Mercedes-Benz dealership network. They seek reinstatement of the dealership model or, alternatively, compensation for the damage they allegedly incurred. In 2023, the court dismissed the claims in their entirety. In January 2024, the plaintiffs appealed the decision. MBAuP considers those claims to be without merit and continues to defend itself against the claims.

Since 2022, two class actions have been pending in the United States alleging claims based on a voluntary recall of certain Mercedes-Benz ML-, GL- and R-Class vehicles produced during the 2004–2015 model years for potentially corroded brake boosters. Among other things, the plaintiffs allege that the brake boosters in such vehicles can corrode and lead to reduced braking force. They allege failure to disclose the claimed defect and assert various claims. A further class action which was filed in Israel was withdrawn in November 2024. The Mercedes-Benz Group considers the lawsuits to be without merit and defends itself against them.

In accordance with IAS 37.92 no further information is disclosed with respect to whether, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed with respect to the procedures described in the two preceding paragraphs, so as not to prejudice the Mercedes-Benz Group's position.

Accounting estimates and management judgements relating to all legal proceedings

Mercedes-Benz Group AG and its subsidiaries recognize provisions in connection with pending or threatened proceedings to the extent an obligation is probable and can be reasonably estimated. Such provisions are recognized in the Group's Consolidated Financial Statements and are based on estimates. If quantifiable, contingent liabilities in connection with legal proceedings are disclosed in the Group's Consolidated Financial Statements. Risks resulting from legal proceedings sometimes cannot be assessed reliably or only to a limited extent. Consequently, provisions recognized for some legal proceedings may turn out to be insufficient once such proceedings have ended. The Mercedes-Benz Group may also become liable for payments in legal proceedings for which no provisions were recognized and/or contingent liabilities were disclosed. Uncertainty exists with regard to the amounts or due dates of possible cash outflows. Although the final result of any such proceedings could materially affect the Group's operating results and cash flows for a particular reporting period, the Mercedes-Benz Group believes that it should not exert a sustained influence on the Group's financial position.

31. Contingent liabilities and other financial obligations

Contingent liabilities

At 31 December 2024, the best estimate for obligations from **contingent liabilities** was €2,807 million (2023: €2,553 million). The contingent liabilities are mainly related to the legal proceedings described in Note 30 and product warranties.

Other financial obligations

At 31 December 2024, other financial obligations exist from the **acquisition of intangible assets, property, plant and equipment and equipment on operating leases** of €5,534 million (2023: €5,684 million).

In addition, the Mercedes-Benz Group issued **irrevocable loan commitments** at 31 December 2024. These loan commitments had not been utilized as of that date. Further information with respect to these irrevocable loan commitments is provided in Note 33.

32. Financial instruments

Carrying amounts and fair values of financial instruments

The carrying amounts and fair values of the respective classes of the Group's financial instruments are shown in the table Carrying amounts and fair values of financial instruments and contain the Group amounts, including assets and liabilities held for sale. The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date. The following methods and assumptions were used.

Receivables from financial services

For the sake of simplicity, the fair values of receivables from financial services with variable interest rates are estimated to be equal to the respective carrying amounts, because the agreed upon interest rates and those available in the market do not significantly differ. The fair values of receivables from financial services with fixed interest rates are determined on the basis of discounted expected future cash flows. Discounting is based on the current interest rates at which similar loans with identical terms could have been obtained at 31 December 2024 and 31 December 2023.

Trade receivables and cash and cash equivalents

Due to the short terms and the fundamentally low credit risk of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

Marketable debt securities and similar investments as well as other financial assets

Marketable debt securities are recognized at fair value through other comprehensive income or at fair value through profit or loss. Similar investments are measured at amortized cost and are not included in the measurement hierarchy, as the carrying amount is a reasonable approximation of fair value due to the short terms of these financial instruments and the fundamentally low credit risk.

Equity instruments are recognized at fair value through other comprehensive income or at fair value through profit or loss. Equity instruments recognized at fair value through other comprehensive income primarily comprise the shares in Momenta Global Limited, BAIC BluePark New Energy Technology Co., Ltd., Aston Martin Lagonda Global Holdings Plc and the shares in Sila Nanotechnologies Inc. which are classified as a Level 3 instrument according to the measurement hierarchy. As a result of a new funding round and associated new pricing information, our fair value in Sila Nanotechnologies Inc. decreased.

Marketable debt securities and equity instruments recognized at fair value were measured using quoted market prices at the end of the reporting period. If quoted market prices are not available for these debt and equity instruments, fair value measurement is based on inputs that are either directly or indirectly observable in active markets. Fair values are calculated using recognized financial valuation models such as discounted cash flow models or multiples, taking into account current valuation parameters such as interest rates and exchange rates.

Other financial assets measured at fair value through profit or loss relate to derivative financial instruments not used in hedge accounting. These financial instruments as well as derivative financial instruments used in hedge accounting comprise:

- derivative currency hedging contracts; the fair values of cross-currency interest rate swaps are determined on the basis of the discounted estimated future cash flows (taking account of credit premiums and default risks) using the market interest rates appropriate to the remaining terms of the financial instruments. The measurement of currency forwards is based on market quotes of forward curves. Currency options, if used, are measured with option-pricing models using market data.

- derivative interest rate hedging contracts; the fair values of interest rate hedging instruments (e.g. interest rate swaps) are calculated on the basis of the discounted estimated future cash flows (taking account of credit premiums and default risks) using the market interest rates appropriate to the remaining terms of the financial instruments.
- derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g. commodity swaps) are determined on the basis of current reference prices with consideration of forward premiums and discounts and default risks.

Other financial receivables and other financial assets are carried at amortized cost. Because of the predominantly short maturities and the fundamentally lower credit risk of these financial instruments, it is assumed that the fair values approximate the carrying amounts.

Financing liabilities

Financing liabilities are measured at amortized cost. The fair values of bonds, loans, commercial paper, deposits from the direct banking business and liabilities from ABS transactions are calculated as present values of the estimated future cash flows (taking account of credit premiums and credit risks). Market interest rates for the appropriate terms are used for discounting.

Trade payables

Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

Reverse factoring agreements did not change the relevant characteristics of a trade payable for the Group for the liabilities concerned. As a result, there were no reclassifications of these trade payables to financing liabilities.

Contract and refund liabilities

Contract and refund liabilities include obligations from sales transactions that qualify as financial instruments. Obligations from sales transactions should generally be regarded as current. Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

Other financial liabilities

Other financial liabilities measured at fair value through profit or loss comprise derivative financial instruments not used in hedge accounting. For information regarding these financial instruments as well as derivative financial instruments used in hedge accounting, see the notes above under Marketable debt securities and similar investments as well as other financial assets.

Miscellaneous other financial liabilities are carried at amortized cost. Because of the predominantly short maturities of these financial instruments, it is assumed that the fair values are equal to the carrying amounts.

See Note 1 for further qualitative descriptions of accounting for and presentation of financial instruments (including derivative financial instruments).

Carrying amounts and fair values of financial instruments

		31 December 2024		31 December 2023 (adjusted)
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Receivables from financial services[1]	**87,950**	**90,048**	89,019	90,655
Trade receivables	**6,982**	**6,982**	7,419	7,419
Cash and cash equivalents	**14,517**	**14,517**	15,972	15,972
Marketable debt securities and similar investments	**7,730**	**7,730**	6,858	6,858
Measured at fair value through profit or loss	**5,952**	**5,952**	5,611	5,611
Measured at fair value through other comprehensive income	**880**	**880**	1,155	1,155
Measured at cost	**898**	**898**	92	92
Other financial assets				
Equity instruments and debt instruments	**1,293**	**1,293**	1,507	1,507
Measured at fair value through profit or loss	**589**	**589**	649	649
Measured at fair value through other comprehensive income	**704**	**704**	858	858
Other financial assets measured at fair value through profit or loss	**271**	**271**	347	347
Derivative financial instruments used in hedge accounting	**1,291**	**1,291**	2,660	2,660
Other receivables and miscellaneous other financial assets	**2,690**	**2,690**	3,013	3,013
Financial assets	**122,724**	**124,822**	126,795	128,431
Financing liabilities[2]	**110,583**	**110,095**	107,310	106,800
Trade payables[2]	**11,312**	**11,312**	12,727	12,727
Other financial liabilities				
Other financial liabilities measured at fair value through profit or loss	**114**	**114**	188	188
Derivative financial instruments used in hedge accounting	**1,118**	**1,118**	1,115	1,115
Miscellaneous other financial liabilities[2]	**4,334**	**4,334**	4,733	4,733
Contract and refund liabilities				
Obligations from sales transactions	**4,655**	**4,655**	4,236	4,236
Financial liabilities	**132,116**	**131,628**	130,309	129,799

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.
2 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1.

Offsetting of financial instruments

The Group concludes derivative transactions in accordance with the master netting agreements of the International Swaps and Derivatives Association (ISDA) and comparable national framework agreements. However, these agreements do not meet the criteria for netting in the Consolidated Statement of Financial Position, as they allow netting only in the case of future events such as default or insolvency on the part of the Group or the counter-parties.

The following table shows the carrying amounts of the derivative financial instruments subject to the described agreements as well as the possible financial effects of netting in accordance with the master netting agreements.

Disclosure for recognized derivative financial instruments that are subject to an enforceable master netting arrangement or similar agreement

		31 December		31 December
	2024	2023	**2024**	2023
		Other financial assets[1]		Other financial liabilities[2]
In millions of euros				
Gross and net amounts of financial instruments in the Consolidated Statement of Financial Position	**1,562**	3,007	**1,232**	1,303
Amounts subject to a master netting arrangement	**-888**	-1,104	**-888**	-1,104
Net amounts	**674**	1,903	**344**	199

1 The other financial assets which are subject to a master netting agreement comprise derivative financial instruments that are included in hedge accounting and other financial assets measured at fair value through profit or loss (see Note 17).
2 The other financial liabilities which are subject to a master netting agreement comprise derivative financial instruments that are included in hedge accounting and other financial liabilities measured at fair value through profit or loss (see Note 26).

Measurement hierarchy

The following table provides an overview of the classification into measurement hierarchies of financial assets and liabilities measured at fair value (according to IFRS 13).

At the end of the reporting period, the Group reviews whether reclassifications between the measurement hierarchies are necessary compared to 31 December of the previous year.

For the determination of the credit risk from derivative financial instruments which are allocated to the Level 2 measurement hierarchy, portfolios managed on the basis of net exposure are applied.

Measurement hierarchy of financial assets and liabilities measured at fair value

			31 December 2024				31 December 2023	
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Marketable debt securities and similar investments	**6,832**	**6,780**	**52**	**–**	6,766	6,712	54	–
Measured at fair value through profit or loss	**5,952**	**5,950**	**2**	**–**	5,611	5,607	4	–
Measured at fair value through other comprehensive income	**880**	**830**	**50**	**–**	1,155	1,105	50	–
Equity instruments and debt instruments	**1,293**	**316**	**303**	**674**	1,507	417	406	684
Measured at fair value through profit or loss	**589**	**28**	**9**	**552**	649	59	214	376
Measured at fair value through other comprehensive income	**704**	**288**	**294**	**122**	858	358	192	308
Other financial assets measured at fair value through profit or loss	**271**	**–**	**243**	**28**	347	–	339	8
Derivative financial instruments used in hedge accounting	**1,291**	**–**	**1,291**	**–**	2,660	–	2,660	–
Financial assets measured at fair value	**9,687**	**7,096**	**1,889**	**702**	11,280	7,129	3,459	692
	–	**–**	**–**	**–**	–	–	–	–
Other financial liabilities measured at fair value through profit or loss	**114**	**–**	**114**	**–**	188	–	188	–
Derivative financial instruments used in hedge accounting	**1,118**	**–**	**1,118**	**–**	1,115	–	1,115	–
Financial liabilities measured at fair value	**1,232**	**–**	**1,232**	**–**	1,303	–	1,303	–

1 Fair value measurement is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement is based on inputs, that can be observed directly or indirectly on an active market.
3 Fair value measurement is based on inputs for which no observable market data is available.

The following table shows into which level of the measurement hierarchies (according to IFRS 13) the fair values of the financial assets and liabilities that are not measured at fair value in the Consolidated Statement of Financial Position are classified.

Measurement hierarchy of financial assets and liabilities not recognized at fair value

	31 December 2024				31 December 2023 (adjusted)			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Fair values of financial assets measured at cost								
Receivables from financial services[4]	**90,048**	**–**	**90,048**	**–**	90,655	–	90,655	–
Fair values of financial liabilities measured at cost								
Financing liabilities[5]	**110,095**	**52,673**	**57,422**	**–**	106,800	49,967	56,833	–
thereof bonds	**62,207**	**52,673**	**9,534**	**–**	55,643	49,967	5,676	–
thereof liabilities from ABS transactions	**18,371**	**–**	**18,371**	**–**	15,721	–	15,721	–
thereof other financing liabilities	**29,517**	**–**	**29,517**	**–**	35,436	–	35,436	–

1 Fair value measurement is based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement is based on inputs, that can be observed directly or indirectly on an active market.
3 Fair value measurement is based on inputs for which no observable market data is available.
4 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.
5 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1.

Measurement categories

Carrying amounts of financial instruments according to measurement categories[1]

In millions of euros	2024	31 December 2023 (adjusted)
Financial assets measured at (amortized) cost	**93,929**	96,280
Receivables from financial services[2, 6]	**68,842**	69,784
Trade receivables	**6,982**	7,419
Cash and cash equivalents	**14,517**	15,972
Marketable debt securities and similar investments	**898**	92
Other receivables and miscellaneous other financial assets	**2,690**	3,013
Financial assets measured at fair value through profit or loss	**6,812**	6,607
Marketable debt securities and similar investments	**5,952**	5,611
Equity instruments and debt instruments	**589**	649
Other financial assets measured at fair value through profit or loss[3]	**271**	347
Financial assets measured at fair value through other comprehensive income	**1,584**	2,013
Marketable debt securities and similar investments	**880**	1,155
Equity instruments and debt instruments	**704**	858
Financial liabilities measured at (amortized) cost	**130,883**	129,002
Financing liabilities[4, 7]	**110,583**	107,310
Trade payables[7]	**11,312**	12,727
Miscellaneous other financial liabilities[5, 7]	**4,333**	4,729
Obligations from sales transactions	**4,655**	4,236
Other financial liabilities measured at fair value through profit or loss[3]	**114**	188

1 The carrying amounts of derivative financial instruments used in hedge accounting are not included in the table as these financial instruments are not assigned to a measurement category.
2 This does not include lease receivables of €19,108 million (2023: €19,235 million) as these are not assigned to a measurement category.
3 These amounts relate to derivative financial instruments that are not included in hedge accounting.
4 This does not include liabilities from lease transactions of €2,242 million (2023: €2,207 million) as these are not assigned to a measurement category.
5 This does not include financial guarantees of €1 million (2023: €4 million) as these are not assigned to a measurement category.
6 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.
7 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1.

Net gains or losses

The following table shows the net gains/losses on financial instruments included in the Consolidated Statement of Income (excluding derivative financial instruments used in hedge accounting).

Net gains/losses

In millions of euros	**2024**	2023
Equity and debt instruments recognized at fair value through profit or loss	**-63**	-21
Other financial assets and other financial liabilities measured at fair value through profit or loss[1]	**356**	-49
Equity instruments recognized at fair value through other comprehensive income	**4**	4
Other financial assets measured at fair value through other comprehensive income	**-3**	–
Financial assets measured at (amortized) cost	**-626**	-760
Financial liabilities measured at (amortized) cost	**-196**	109

1 The amounts relate to derivative financial instruments that are not used in hedge accounting.

Net gains/losses on equity and debt instruments recognized at fair value through profit or loss primarily comprise gains and losses attributable to changes in the fair values of these instruments.

Net gains/losses on other financial assets and liabilities measured at fair value through profit or loss comprise gains and losses attributable to changes in their fair values.

Net gains/losses on equity instruments recognized at fair value through other comprehensive income comprise dividend payments.

Net gains/losses on other financial assets measured at fair value through other comprehensive income are primarily attributable to exchange-rate effects.

Net gains/losses on financial assets measured at (amortized) cost (excluding the interest income/expense shown below) primarily comprise impairment losses (including reversals of impairment losses) of €633 million (2023: €406 million) that are charged to cost of sales, selling expenses and other financial income/expense. Foreign currency gains and losses are also included.

Net gains/losses on financial liabilities measured at (amortized) cost (excluding the interest income/expense shown below) primarily comprise exchange-rate effects.

Total interest income and total interest expense

Total interest income and total interest expense for financial assets or financial liabilities that are not measured at fair value through profit or loss are shown in the following table.

Total interest income and total interest expense

In millions of euros	**2024**	2023
Total interest income	**6,211**	5,528
thereof from financial assets and liabilities measured at (amortized) costs	**6,115**	5,458
thereof from financial assets measured at fair value through other comprehensive income	**96**	70
Total interest expense	**-4,089**	-2,936
thereof from financial assets and liabilities measured at (amortized) costs	**-4,089**	-2,936
thereof from financial assets measured at fair value through other comprehensive income	**–**	–

Information on derivative financial instruments

Use of derivatives

The Mercedes-Benz Group uses derivative financial instruments basically only for hedging financial risks that arise from its operating or refinancing activities or from its liquidity management. These are mainly currency risks, interest rate risks and commodity price risks, which have been defined as risk categories. For these hedging purposes, the Group mainly uses currency forward transactions, cross-currency interest rate swaps, interest rate swaps and commodity hedging contracts.

The following table shows the amounts for the transactions designated as hedging instruments.

No commodity hedges were included in hedge accounting in the reporting year.

Most of the transactions for which the effects from the measurement of the hedging instrument and the underlying transaction to a large extent offset each other in the Consolidated Statement of Income were not included in the hedge accounting.

Even if derivative financial instruments do not or no longer qualify for hedge accounting, these instruments still serve to hedge financial risks from business operations.

Explanations of the hedging of exchange-rate risks, interest rate risks and commodity price risks can be found in Note 33.

Amounts for the transactions designated as hedging instruments

	Currency risk Cash flow hedges[1]		Interest rate risk Cash flow hedges[2]		Interest rate risk Fair-value hedges[2]	
	31 December		31 December		31 December	
	2024	2023	**2024**	2023	**2024**	2023
In millions of euros						
Carrying amount of the hedging instruments						
Other financial assets current	**516**	904	**58**	100	**12**	33
Other financial assets non-current	**115**	760	**543**	858	**47**	4
Other financial liabilities current	**465**	265	**15**	7	**28**	45
Other financial liabilities non-current	**268**	181	**49**	44	**293**	573
Fair value changes of the hedging instruments[3]	**-534**	1,877	**-343**	-628	**354**	625

1 Includes currency forwards.
2 Includes the following hedging instruments: interest rate swaps, cross-currency interest rate swaps.
3 Gains and losses from hedging instruments used for recognizing hedge ineffectiveness.

Cash flow hedges and hedges of net investments in foreign operations

The Mercedes-Benz Group uses cash flow hedges for hedging currency risks, interest rate risks and commodity price risks. The amounts related to items designated as cash flow hedges are shown in the following table.

The Group also partially hedges the currency risk of selected investments with the application of derivative or non-derivative financial instruments. Neither in the reporting year nor in the previous year were there any active hedges of net investments in foreign operations.

Cash flow hedges and hedges of net investments in foreign operations

	2024		2023	
In millions of euros	Currency risk	Interest rate risk	Currency risk	Interest rate risk
Fair-value changes of the hedged items[1]	**534**	**343**	-1,879	628
Balance of the reserves for derivative financial instruments (before taxes)				
Continuing hedges	**178**	**519**	1,858	870
Discontinued/terminated hedges	**-174**	**–**	42	–
thereof hedges of net investments in foreign operations	**-270**	**–**	-270	–

1 Fair-value changes of the hedged items used for recognizing hedge ineffectiveness.

The gains and losses on items designated as cash flow hedges are shown in the following table.

There were no results attributable to the ineffective portion of cash flow hedges in the year 2024 (2023: expenses of €2 million).

Gains and losses on cash flow hedges and hedges of net investments in foreign operations

		Currency risk		Interest rate risk
In millions of euros				
Line item in the Statement of Income in which the transfers are included	Revenues	Cost of sales	Cost of sales	Interest expense
2024				
Gains and losses recognized in other comprehensive income	**-556**	**22**	**-35**	**-308**
Transfer of gains and losses from reserves for derivative financial instruments to the statement of income				
For hedges for which the hedged future cash flows are no longer expected to occur	**-53**	**1**	**–**	**–**
For hedges that have been transferred because the hedged item has affected profit or loss	**-1,335**	**–**	**4**	**-27**
2023				
Gains and losses recognized in other comprehensive income	1,979	-100	-100	-528
Transfer of gains and losses from reserves for derivative financial instruments to the statement of income				
For hedges for which the hedged future cash flows are no longer expected to occur	-70	3	-1	–
For hedges that have been transferred because the hedged item has affected profit or loss	-1,111	–	-13	29

Fair-value hedges

The Group uses fair-value hedges primarily for hedging interest rate risks. The amounts of the items hedged with fair-value hedges are included in the following table.

Fair-value hedges

	Interest rate risk	
	2024	2023 (adjusted)
In millions of euros		
Carrying amounts of the hedged items		
Financing liabilities current[1]	**4,782**	4,365
thereof hedge adjustments	**-36**	-44
Financing liabilities non-current[1]	**10,613**	14,261
thereof hedge adjustments	**-294**	-599
Fair-value changes of the hedged items[2]	**-354**	-625
Accumulated amount of hedge adjustments from inactive hedges remaining in the statement of financial position	**3**	8

1 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1.
2 Fair-value changes of the hedged items used for recognizing hedge ineffectiveness.

Neither in the current year nor in the previous year were there any results attributable to the ineffective portion of the hedge with fair-value hedges.

Reserves for derivative financial instruments

The following table shows the reconciliation of the reserves for derivative financial instruments (excluding reserves for hedges of net investments in foreign operations).

The balance of reserves for hedges of net investments in foreign operations amounted to minus €189 million (2023: minus €189 million).

Reconciliation of reserves for derivative financial instruments

	Reserves for derivative financial instruments		Thereof reserves for hedge costs	
	2024	2023	**2024**	2023
In millions of euros				
Balance at 1 January	**1,485**	984	**-658**	-1,048
Unrealized gains/losses before taxes	**-907**	1,168	**-32**	-82
Currency risk	**-574**	1,799	**-42**	-79
Interest rate risk	**-333**	-631	**10**	-3
Reclassification to profit and loss before taxes	**-772**	-474	**638**	688
Currency risk	**-749**	-489	**638**	688
Interest rate risk	**-23**	15	**–**	–
Reclassification to cost of acquisition of non-financial assets before taxes[1]	**-19**	35	**-45**	-51
Currency risk – procurement	**-19**	37	**-45**	-51
Taxes on unrealized gains/losses and reclassifications as well as other changes	**502**	-228	**-167**	-165
Balance at 31 December	**289**	1,485	**-264**	-658

1 Prior year included minus €2 million related to the hedge of commodity price risks.

Nominal values of derivative financial instruments used in hedge accounting

At 31 December 2024, the Mercedes-Benz Group utilized derivative financial instruments with a maximum maturity of 72 and 113 months, respectively, (2023: 71 and 115 months) as hedges for currency risks and interest rate risks.

The following table shows the nominal values of derivative financial instruments used in hedge accounting entered into for the purpose of hedging currency risks and interest rate risks (as well as commodity price risks in the previous year) that arise from the Group's operating and/or financing activities.

The maturities of the derivative financial instruments generally correspond with those of the underlying transactions. The realization of the underlying transactions is expected to correspond with the maturities of the hedging transactions shown in the following table.

Nominal amounts of derivative financial instruments used in hedge accounting

	31 December 2024				31 December 2023			
	Maturity of nominal amounts				Maturity of nominal amounts			
In millions of euros	< 1 year	1 year up to 5 years	> 5 years	Total	< 1 year	1 year up to 5 years	> 5 years	Total
Currency risk	**20,236**	**15,044**	**156**	**35,436**	24,200	18,297	50	42,547
Interest rate risk	**10,583**	**22,944**	**1,685**	**35,212**	8,635	27,961	2,795	39,391
Fair-value hedges	**4,687**	**9,997**	**935**	**15,619**	4,403	13,144	1,593	19,140
Cash flow hedges	**5,896**	**12,947**	**750**	**19,593**	4,232	14,817	1,202	20,251

Average prices of hedging instruments used in hedge accounting

The following table shows the average prices of hedging instruments by risk category for the major risks.

Average prices of hedging instruments for the major risks

	31 December	
	2024	2023
Currency risk		
USD per €	**1.10**	1.10
CNY per €	**7.45**	7.29
GBP per €	**0.87**	0.88
Interest rate risk		
Fair-value hedges		
Average interest rate – €	**-1.82%**	-2.95%
Average interest rate – USD	**-2.23%**	-2.99%
Cash flow hedges		
Average interest rate – €	**2.43%**	3.72%
Average interest rate – USD	**1.79%**	3.21%

33. Management of financial risks

General information on financial risks

As a result of its businesses and the global nature of its operations, the Mercedes-Benz Group is exposed to market price risks from changes in foreign currency exchange rates and interest rates, while price risks arise from the procurement of raw materials and energy, for example. An equity price risk results from investments in listed companies. In addition, the Group is exposed to credit risks mainly from its financing activities and from its business operations (trade receivables). Furthermore, the Group is exposed to country and liquidity risks relating to its credit and market price risks or a deterioration of its business operations or financial market disturbances. If these financial risks materialize, they adversely affect the Group's profitability, liquidity and capital resources, and financial position.

The Mercedes-Benz Group has established internal policies for risk controlling procedures and for the regulation of the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and the related controlling. The guidelines upon which the Group's risk management processes for financial risks are based are designed to identify and analyse these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted in line with changes in markets and products.

The Group manages and monitors these risks primarily through its operating and financing activities and, if required, through the use of derivative financial instruments. The Mercedes-Benz Group uses derivative financial instruments for hedging financial risks that arise from its business operations or refinancing activities or liquidity management. Without these derivative financial instruments, the Group would be exposed to higher financial risks. Additional information on financial instruments and especially on the volume of the derivative financial instruments used is included in Note 32. The Mercedes-Benz Group regularly evaluates its financial risks with due consideration of changes in key economic indicators and up-to-date market information.

The market sensitive instruments, including equity and debt securities, that the plan assets hold to finance pension and other post-employment healthcare benefits, are not included in the following quantitative and qualitative analysis. See Note 23 for additional information on the Mercedes-Benz Group's pension and post-employment healthcare benefits.

Credit risk

Credit risk describes the risk of financial loss resulting from a counterparty failing to meet its contractual payment obligations. In addition to the direct risk of default, credit risk considerations also include risks from deterioration in creditworthiness and concentration risks.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts at the balance sheet date (without consideration of collateral, if available). There is also a default risk from financial guarantees and irrevocable loan commitments which have not been utilized as of that date. The maximum callable amounts are shown for the maximum risk position of the loan commitments and the maximum possible payment obligations from financial guarantees granted are shown for the financial guarantees.

The following table shows the maximum risk positions at the balance sheet date.

Maximum risk position of financial assets, irrevocable loan commitments and financial guarantees[1]

		Maximum risk position	
	Note	**2024**	2023 (adjusted)
In millions of euros			
Liquid assets		**22,246**	22,830
Receivables from financial services[2]	15	**87,867**	89,019
Trade receivables	20	**6,982**	7,419
Derivative financial instruments used in hedge accounting (assets only)	32	**1,291**	2,660
Derivative financial instruments not used in hedge accounting (assets only)	32	**271**	347
Other receivables and financial assets	32	**2,690**	3,013
Irrevocable loan commitments		**2,635**	2,476
Financial guarantees		**139**	284

1 The maximum exposure information presented in the table refers to Group amounts, including assets and liabilities held for sale.
2 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.

Liquid assets

Liquid assets consist of cash and cash equivalents and marketable debt securities and similar investments. With the investment of liquid assets, financial institutions and issuers of securities are selected very carefully and diversified in accordance with a limit system. Liquid assets are mainly held at financial institutions within and outside Europe with high creditworthiness, as bonds issued by German federal states and as money market funds. In connection with investment decisions, priority is placed on the borrower's very high creditworthiness and on balanced risk diversification. The limits and their utilization are reassessed continuously. In this assessment, the Mercedes-Benz Group also considers the credit risk assessment of its counterparties by the capital markets. In line with the Group's risk policy, most liquid assets are held in investments with an external rating of "A" or better. Liquid assets are thus not subject to a material credit risk and are allocated to stage 1 of the impairment model under IFRS, which is based on expected credit risk.

Receivables from financial services

The Mercedes-Benz Group's financing and leasing activities are primarily focused on supporting the sales of the Group's automotive products. As a consequence of these activities, the Group is exposed to credit risk, which is monitored and managed based on defined standards, guidelines and procedures. The Mercedes-Benz Group manages its credit risk irrespective of whether it is related to a financing contract or to an operating lease or a finance lease contract. For this reason, statements concerning the credit risk of Mercedes-Benz Mobility refer to the entire financing and leasing business, unless otherwise specified.

Exposure to credit risk from financing and lease activities is monitored based on the portfolio subject to credit risk. The portfolio subject to credit risk consists of wholesale and retail receivables from financial services and the portion of the operating lease portfolio that is subject to credit risk. Receivables from financial services comprise claims arising from finance lease contracts and repayment claims from financing loans. The operating lease portfolio is reported under equipment on operating leases in the Group's Consolidated Statement of Financial Position. Lease payments due from operating lease contracts are recognized in receivables from financial services.

The Mercedes-Benz Mobility segment has policies setting the framework for effective risk management at a global as well as a local level. In particular, these policies deal with minimum requirements for all risk-relevant credit processes, the definition of financing products offered, the evaluation of the customers' creditworthiness, requests for collateral and the treatment of unsecured loans and non-performing claims. The limitation of concentration risks is implemented primarily by means of global limits, which refer to customer exposures. To comply with these limits, Mercedes-Benz Mobility applies approval standards and measures to avoid concentration risks. Only one customer was granted a credit line in the form of a large loan. The Mercedes-Benz Mobility portfolio consists of a large number of small and medium-sized enterprises and private customers from more than 30 countries. At 31 December 2024, this segment accounted for 71% of the portfolio.

With respect to its financing and lease activities, the Group holds collateral for customer transactions limiting actual credit risk through its fair value. The value of collateral generally depends on the amount of the financed assets. The financed vehicles usually serve as collateral. Furthermore, Mercedes-Benz Mobility limits credit risk from financing and lease activities, for example through deposits from customers.

For the assessment of the default risk of retail and small business customers, scoring systems are applied to evaluate their creditworthiness. Corporate customers are evaluated using internal rating instruments. Both evaluation processes use external credit bureau data if available. The scoring and rating results as well as the availability of security and other risk mitigation instruments, such as deposits, guarantees and, to a lesser extent, residual debt insurances, are essential elements for credit decisions.

If, in connection with contracts, a worsening of payment behaviour or other causes of an increased credit risk are recognized, collection procedures are initiated by claims management to obtain the overdue payments of the customer, to take possession of the asset financed or leased or, alternatively, to renegotiate the impaired contract. Internal restructuring policies for loan and leasing contracts are based on the indicators or criteria which, in the judgement of local management, indicate that repayment will probably continue and that the total proceeds expected to be derived from the renegotiated contract exceed the expected proceeds to be derived from immediate repossession and remarketing. In the case of receivables from financial services, significant modifications of financial assets were only made in rare cases and to an insignificant extent.

The allowance ratio remained stable compared to the previous year. The credit loss ratio increased compared to the previous year, mainly due to the continued challenging lending environment in the United States.

For information on credit risks included in receivables from financial services, see Note 15. Information on the measurement of expected credit losses is provided in Note 1.

Trade receivables

Trade receivables are mostly receivables from worldwide sales of vehicles and spare parts. The credit risk encompasses the default risk of customers, e.g. dealers and general distribution companies, as well as other corporate and private customers. In order to identify credit risks, the Mercedes-Benz Group assesses the creditworthiness of customers. The Mercedes-Benz Group manages its credit risk from trade receivables using appropriate IT applications and databases on the basis of internal policies which have to be followed Group-wide.

A significant proportion of the trade receivables from each country's domestic business is secured by various country-specific types of collateral. This collateral includes conditional sales, guarantees and sureties, as well as mortgages and deposits from customers.

In the export business, the Mercedes-Benz Group evaluates its customers' creditworthiness by means of an internal rating process with consideration of the respective country risk. In this context, the Annual Financial Statements and other relevant information, such as the payment history of the general distribution companies, are used and assessed.

Depending on the creditworthiness of the customers, the Mercedes-Benz Group establishes credit limits and limits credit risks with the following types of collateral:

- credit insurances,
- first-class bank guarantees and
- letters of credit.

These procedures are defined in an export credit policy, which has Group-wide validity.

For impairments of trade receivables, the simplified approach is applied, according to which these receivables are allocated to stage 2. The expected credit losses until maturity for these trade receivables are taken into account upon initial recognition.

Further information on trade receivables and the status of loss allowances recognized is provided in Note 20.

Derivative financial instruments

The Group uses derivative financial instruments for hedging financial risks that arise from its business operations, financing activities or liquidity management. The Mercedes-Benz Group manages its credit risk exposure in connection with derivative financial instruments through a limit system, which is based on the review of each counterparty's financial strength. This system limits and diversifies the credit risk. As a result, the Mercedes-Benz Group is exposed to credit risk only to a small extent with respect to its derivative financial instruments. In accordance with the Group's risk policy, most derivatives are contracted with counterparties which have an external rating of "A" or better.

Other receivables and financial assets

The Mercedes-Benz Group is exposed to credit risk only to a small extent with respect to other receivables and financial assets included in other financial assets in 2024 and 2023.

Irrevocable loan commitments

The Mercedes-Benz Mobility segment in particular is exposed to credit risks from irrevocable loan commitments to end customers and retailers. At 31 December 2024, irrevocable loan commitments amounted to €2,635 million (2023: €2,476 million). These loan commitments have a maturity of less than one year and are not subject to a material credit risk based on the current state of knowledge.

Financial guarantees

The maximum potential obligations resulting from financial guarantees amounted to €139 million at 31 December 2024 (2023: €284 million). Financial guarantees represent contractual arrangements. These guarantees generally provide that in the event of default or non-payment by the primary debtor, the Group, as the guarantor, will be required to settle such financial obligations to the holder of the guarantee up to a generally contractually agreed amount.

Country risk

Country risk is the risk of economic loss arising from changes of political, economic, legal or social conditions in the respective country, e.g. resulting from sovereign measures such as expropriation or interdiction of foreign currency transfers.

The Mercedes-Benz Group is exposed to country risks mainly resulting from cross-border funding or collateralization of Group companies and customers, from investments in Group companies, associated companies, joint ventures and joint operations as well as from cross-border trade receivables. Country risks also arise from cross-border cash deposits at financial institutions.

The Mercedes-Benz Group manages these risks via country exposure limits (e.g. for hard currency portfolios of financial services entities). An internal rating system serves as a basis for the Mercedes-Benz Group's risk-oriented country exposure management; it assigns all countries to risk classes, with consideration of external ratings.

Liquidity risk

Liquidity risk comprises the risk that a company cannot meet its financial obligations in full.

The Mercedes-Benz Group manages its liquidity by holding adequate volumes of liquid assets and by maintaining syndicated credit facilities in addition to the cash inflows generated by its business operations. Additionally, the possibility to securitize receivables (ABS transactions) also reduces the Group's liquidity risk. Liquid assets comprise cash and cash equivalents and marketable debt securities and similar investments. The Group can dispose of these liquid assets at short notice.

The Mercedes-Benz Group enables its suppliers to sell receivables against Group companies under reverse factoring programmes at their own discretion. These programs are basically organized through external intermediary structures that connect a large number of suppliers with a large number of investors. The payment terms remain unaffected by the financing. Insofar as reverse factoring agreements are entered into, they have no influence on the liquidity risk of the Mercedes-Benz Group. Trade liabilities include liabilities of €1,388 million (2023: €1,446 million) that are included in reverse factoring and have been fully financed by external investors. For liabilities which are not included in reverse factoring, volume-weighted payment terms between 20 and 40 days were agreed. Liabilities included in reverse factoring had a volume-weighted target of between 60 and 80 days. Individual

transactions amounting to approximately €300 million, that will not be included in reverse factoring in the future, are in a range of 170–190 days.

The funds raised are used to finance working capital and capital expenditure as well as the cash needs of the leasing and sales-financing business and unexpected liquidity needs. In accordance with internal policies, the refunding of the leasing and sales-financing business is generally carried out with matching maturities so that financing liabilities have the same maturity profile as the equipment on operating leases and the receivables from financial services.

At 31 December 2024, the liquidity of the Mercedes-Benz Group amounted to €22.2 billion (2023: €22.8 billion). In 2024, significant cash inflows resulted from the business of the Mercedes-Benz Cars and Mercedes-Benz Vans segments. Furthermore, dividends received from Beijing Benz Automotive Co., Ltd. and Daimler Truck Holding AG in particular had a positive effect on liquidity. Cash outflows resulted in particular from investments in intangible assets and property, plant and equipment, the dividend payment to the shareholders of Mercedes-Benz Group AG, payments made as part of the share buyback programme and income taxes paid.

From an operating point of view, the management of the Group's liquidity exposures is centralized by a daily cash-pooling process. This process enables the Mercedes-Benz Group to manage its liquidity surplus and liquidity requirements according to the actual needs of the Group and of the companies of the Group. The Group's short-term and medium-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from business operations.

In general, the Mercedes-Benz Group makes use of a broad spectrum of financial instruments to cover its funding requirements. Depending on funding requirements and market conditions, the Mercedes-Benz Group issues commercial paper, bonds (including green bonds), debt obligations and financial instruments secured by receivables in various currencies. Bank credit facilities are also used to cover financing requirements. Potential downgrades of the Mercedes-Benz Group's credit ratings could have a negative impact on the Group's financing. In June 2024, the Mercedes-Benz Group has renewed its syndicated credit facility with a volume of €11 billion with a consortium of international banks. It grants the Mercedes-Benz Group additional financial flexibility until at least the year 2029. The syndicated credit line had not been utilized as of the reporting date. In addition, customer deposits at Mercedes-Benz Bank are used as a further source of refinancing.

Information on the Group's financing liabilities is also provided in Note 25.

The following liquidity runoff shows how the cash flows in connection with liabilities, derivative financial instruments and irrevocable loan commitments and financial guarantees as of 31 December 2024 may affect the Group's future liquidity situation.

Liquidity runoff at 31 December 2024 for liabilities and financial guarantees[1]

In millions of euros	Total	2025	2026	2027	2028	2029	≥ 2030
Financing liabilities[2]	122,698	41,840	31,019	20,596	6,449	6,284	16,510
thereof lease liabilities (undiscounted)	2,530	560	439	342	273	207	709
Derivative financial instruments[3]	1,409	831	394	187	18	-15	-6
thereof with gross settlement	979	603	284	132	-5	-18	-17
Cash outflows	29,942	18,504	7,320	3,027	711	240	140
Cash inflows	-28,963	-17,901	-7,036	-2,895	-716	-258	-157
thereof with net settlement	430	228	110	55	23	3	11
Cash outflows	430	228	110	55	23	3	11
Trade payables[4]	11,312	11,312	–	–	–	–	–
Miscellaneous other financial liabilities	4,322	3,495	220	193	141	150	123
Obligations from sales transactions	4,655	4,655	–	–	–	–	–
Irrevocable loan commitments[5]	2,635	2,635	–	–	–	–	–
Financial guarantees[6]	139	139	–	–	–	–	–
	147,170	64,907	31,633	20,976	6,608	6,419	16,627

1 The amounts were calculated as follows:
(a) If the counterparty can request payment at different dates, the liability is included on the basis of the earliest date on which the Mercedes-Benz Group can be required to pay. The customer deposits of Mercedes-Benz Bank are mostly considered in this analysis to mature within the first year.
(b) The interest payments of floating-interest financial instruments are estimated on the basis of forward rates.
2 The stated cash flows of financing liabilities consist of their undiscounted principal and interest payments.
3 The undiscounted sum of the cash flows of the derivative financial liabilities is shown for the respective year.
4 The cash outflows of trade payables are undiscounted.
5 The maximum available amounts are stated.
6 The maximum potential obligations under the issued financial guarantees are stated. It is assumed that the amounts are due within the first year.

Liquidity runoff at 31 December 2023 for liabilities and financial guarantees[1]

In millions of euros	Total (adjusted)	2024 (adjusted)	2025	2026	2027	2028	≥ 2029
Financing liabilities[2, 3]	118,176	48,635	26,397	16,673	6,559	4,252	15,660
thereof lease liabilities (undiscounted)	2,444	500	430	341	275	217	681
Derivative financial instruments[4]	951	635	197	78	45	-1	-3
thereof with gross settlement	545	389	111	38	16	-6	-3
Cash outflows	19,129	14,157	2,913	1,161	630	220	48
Cash inflows	-18,584	-13,768	-2,802	-1,123	-614	-226	-51
thereof with net settlement	406	246	86	40	29	5	–
Cash outflows	406	246	86	40	29	5	–
Trade payables[3, 5]	12,705	12,703	1	1	–	–	–
Miscellaneous other financial liabilities[3]	4,675	3,899	305	192	142	87	50
Obligations from sales transactions	4,236	4,236	–	–	–	–	–
Irrevocable loan commitments[6]	2,476	2,476	–	–	–	–	–
Financial guarantees[7]	284	284	–	–	–	–	–
	143,503	72,868	26,900	16,944	6,746	4,338	15,707

1 The amounts were calculated as follows:
(a) If the counterparty can request payment at different dates, the liability is included on the basis of the earliest date on which the Mercedes-Benz Group can be required to pay. The customer deposits of Mercedes-Benz Bank are mostly considered in this analysis to mature within the first year.
(b) The interest payments of floating-interest financial instruments are estimated on the basis of forward rates.
2 The stated cash flows of financing liabilities consist of their undiscounted principal and interest payments.
3 For a more suitable presentation, reclassifications have been carried out between the balance sheet items. The reclassifications are described in Note 1.
4 The undiscounted sum of the payments of the derivative financial liabilities is shown for the respective year.
5 The cash outflows of trade payables are undiscounted.
6 The maximum available amounts are stated.
7 The maximum potential obligations under the issued financial guarantees are stated. It is assumed that the amounts are due within the first year.

Market price risks

The global nature of its business activities exposes the Mercedes-Benz Group to significant market price risks resulting from fluctuations in foreign currency exchange rates and interest rates as well as commodity and energy prices.

The Group is also exposed to equity price risks in connection with its investments in listed companies.

The Mercedes-Benz Group manages market price risks to minimize the impact of fluctuations in foreign exchange-rates, interest rates and commodity price risks on the earnings of the Group and its segments. The Group calculates its overall net exposure to these market price risks to provide the basis for hedging decisions, which include the selection of hedging instruments and the determination of hedging volumes and the corresponding periods. The hedging strategy is specified at Group level and uniformly implemented in the segments. Decisions regarding, for example, currencies and asset-liability management (interest rates) are made by a committee that meets regularly. Net exposures are the basis for the hedging strategies and are updated regularly. The Mercedes-Benz Group usually counteracts the risk of short-term fluctuations in raw-material prices by means of price escalation clauses in the supply contracts. Derivative instruments are used in a small extend. Power purchase agreements are also concluded to reduce electricity price risks. Power purchase agreements are purchase agreements for energy needs, including fixed purchase prices of the electricity generated by a specific plant for generating wind or solar power.

As part of its risk management system, the Mercedes-Benz Group employs value-at-risk analyses. In performing these analyses, the Mercedes-Benz Group quantifies its market risk due to changes in foreign currency exchange rates and interest rates on a regular basis by predicting the potential loss over a holding period and at a specific confidence level.

The value-at-risk calculations employed:

- Express potential losses in relation to fair value changes and
- assume a 99% confidence level and a holding period of five days.

At the Group level, the Mercedes-Benz Group calculates the value at risk for exchange rate and interest rate according to the variance-covariance approach.

When calculating value at risk using the variance-covariance approach, the Mercedes-Benz Group first computes the current market value of the Group's financial instruments portfolio. Then the sensitivity of the portfolio value to changes in the relevant market risk factors, such as particular foreign currency exchange rates or interest rates of specific maturities, is quantified. Based on volatilities and correlations of these market risk factors, which are obtained from the RiskMetrics™ dataset, a statistical distribution of potential changes in the portfolio value at the end of the holding period is computed. The loss which is reached or exceeded with a probability of only 1% can be derived from this calculation and represents the value at risk.

Exchange-rate risk

Transaction risk and currency risk management

The global nature of the Mercedes-Benz Group's business activities exposes cash flows to risks arising from fluctuations in exchange rates. These risks primarily relate to fluctuations between the euro and the US dollar, the Chinese renminbi, the British pound and other currencies such as currencies of growth markets. In the operating vehicle business, the Group's exchange-rate risk primarily arises when revenue is generated in a currency that is different from the currency in which the costs of revenue are incurred (transaction risk). It may be inadequate to cover the costs if the value of the currency in which the revenue is generated declined in the interim relative to the value of the currency in which the costs were incurred. The risk exposures serve as a basis for analysing exchange-rate risks at Group level. In addition, the Group is indirectly exposed to a transaction risk from its equity-method investments.

The Group's overall currency exposure is reduced by natural hedging, which consists of the foreign currency exposures of the business operations of different entities and segments partially offsetting each other at Group level. These natural hedges eliminate the need for hedging to the extent of the matched exposures. To provide an additional natural hedge against any remaining transaction risk exposure, the Mercedes-Benz Group generally strives to increase cash outflows in the same currencies in which the Group has a net excess inflow.

In order to mitigate the impact of currency exchange-rate fluctuations for the business operations (future transactions), the Mercedes-Benz Group continually assesses its exposure to exchange-rate risks and hedges a portion of those risks by using derivative financial instruments. A committee manages the Group's exchange-rate risk and its hedging transactions through currency derivatives. The committee consists of representatives of the relevant segments and corporate functions. The Corporate Treasury department aggregates foreign currency exposures from the companies of the Group and the operational units and implements the committee's decisions concerning foreign currency hedging through transactions with international financial institutions. If changes in exposure lead to over-hedging, the hedges are usually eliminated by taking suitable measures without delay. In addition, the hedging relationships are reviewed for any necessary termination of hedge accounting.

The Mercedes-Benz Group's targeted hedge ratios for forecast operating cash flows in foreign currencies are generally determined using a step-by-step method. Depending on the nature of the underlying risks, the hedging rates decrease the further the expected cash flows are in the future. On the one hand, the hedging horizon is naturally limited by uncertainty related to cash flows that lie far in the future; on the other hand, it may also be limited by the fact that appropriate currency contracts are not available. This step-by-step method aims to limit risks for the Group from unfavourable movements in exchange rates while preserving sufficient flexibility to participate in favourable developments. Based on this step-by-step method and depending on the market outlook, the committee determines the hedging horizon, which usually varies from one year to five years, as well as the average hedge ratios. At the end of 2024, the currency management for calendar year 2025 showed an unhedged position in the automotive business of 9% of the underlying forecasted cash flows in US dollars, an unhedged position of 23% of the underlying forecast cash flows in British pounds and an unhedged position of 12% of the underlying forecast cash flows in Chinese renminbi.

To cover foreign currency exposure risks of the vehicle business operations forward foreign exchange contracts are primarily used. Value at risk is used to measure the exchange-rate risk inherent in these derivative financial instruments.

The following table shows the period-end, high, low and average value-at-risk figures of the exchange-rate risks for the 2024 and 2023 portfolios of derivative financial instruments, which were entered into primarily in connection with the vehicle business operations and the trade receivables and payables existing at the end of quarter. Average exposure has been computed on an end-of-quarter basis. The other transactions underlying the derivative financial instruments are not included in the following value-at-risk presentation, since they comprise forecast cash flows. See also table Nominal amounts of derivative financial instruments used in hedge accounting in Note 32.

Hedge accounting

When designating derivative financial instruments, a hedge ratio of 1 is applied. In addition, the respective volume and currency of the hedge and the underlying transaction as well as maturity dates are matched. The Group ensures an economic relationship between the underlying transaction and the hedging instrument by ensuring consistency of currency, volume and maturity.

Option premiums and also forward components are not designated into the hedging relationship, but the hedging costs are deferred in other comprehensive income and recognized in profit or loss at the due date of the underlying transaction or recognized as adjustment of acquisition cost of non-financial assets.

The effectiveness of the hedge is assessed at the start of and during the hedging relationship. Possible sources of ineffectiveness of the hedging relationship are:

- Changes in the credit risk on the measurement of the used hedging instruments.
- Changes in the timing of the hedged transactions.

Please refer to table Cash flow hedges and hedges of net investments in foreign operations in Note 32. There were no material effects on earnings in the years 2024 and 2023.

Value at risk for exchange-rate risk and interest rate risk

	2024				2023			
	Year-end	High	Low	Average	Year-end	High	Low	Average
In millions of euros								
Exchange-rate risk	**405**	**405**	**235**	**331**	612	1,109	539	711
Interest rate risk	**138**	**166**	**138**	**152**	189	295	175	214

The development of the value at risk from foreign currency hedging in 2024 was primarily shaped by a decrease in the volume of hedging transactions and volatilities.

The Group's investments in liquid assets or refinancing activities are generally selected so that possible currency risks are minimized. Transaction risks arising from liquid assets or payables in foreign currencies that result from the Group's investment or refinancing on money and capital markets are generally hedged against currency risks at the time of investing or refinancing in accordance with the Mercedes-Benz Group's internal policies. The Group uses appropriate derivative financial instruments (e.g. cross-currency interest rate swaps) to hedge against currency risk.

Because currency risks from liquidity investments or liabilities in foreign currencies are generally fully offset due to the Group's investment or refinancing and the derivative financial instruments used in this regard, these financial instruments were not included in the value-at-risk calculation presented.

Effects of currency (translation risk)

For purposes of Mercedes-Benz Group's Consolidated Financial Statements, the income and expenses and the assets and liabilities of subsidiaries located outside the Eurozone are converted into euros. Therefore, period-to-period changes in exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment profit/loss (EBIT) and assets and liabilities of the Group. Unlike exchange-rate transaction risk, currency translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in carrying amounts caused by exchange rates. In general, the Mercedes-Benz Group does not hedge against currency translation risk.

Interest rate risk

The Mercedes-Benz Group uses a variety of interest rate sensitive financial instruments to manage the liquidity needs of the Group. However, the majority of interest rate sensitive assets and liabilities results from the financial services business of Mercedes-Benz Mobility. The Mercedes-Benz Mobility companies enter into transactions with customers that primarily result in fixed-rate receivables. The Mercedes-Benz Group's general policy is to match the refinancing of interest-bearing assets in terms of maturities and interest rates wherever economically feasible. For a narrowly limited portion of the receivables portfolio in selected and developed markets, Mercedes-Benz Mobility does not match refinancing in terms of maturities in order to take advantage of market opportunities. This results in the Mercedes-Benz Group being exposed to interest rate risks.

A committee consisting of representatives of the relevant segments and the corporate functions manages the interest rate risk by setting targets for the interest rate risk position. The Corporate Treasury department and the local Mercedes-Benz Group companies are jointly responsible for achieving these targets. As separate functions, the Treasury Controlling and the Mercedes-Benz Mobility Controlling & Reporting department monitor target achievement on a monthly basis. In order to achieve the targeted interest rate risk positions in terms of maturities and interest rate fixing periods, the Mercedes-Benz Group also uses derivative financial instruments such as interest rate swaps. The interest rate risk position is assessed by comparing assets and liabilities for corresponding maturities, including the impact of the relevant derivative financial instruments.

Derivative financial instruments are also used in conjunction with the refinancing related to the automotive segments and liquidity management. The Mercedes-Benz Group steers the funding activities of the automotive segments and the financial services business at Group level.

The table Value at risk for exchange-rate risk and interest rate risk shows the period-end, high, low and average value-at-risk figures of the interest rate risk for the 2024 and 2023 portfolios of interest rate sensitive primary financial instruments and derivative financial instruments of the Group, including the financial instruments of the financial services business. Liabilities from leasing contracts for which the Mercedes-Benz Group acts as a lessee are not included in the value at-risk of the interest rate risk. Average exposure has been computed on an end-of-quarter basis.

In the course of 2024, changes in the value at risk of interest rate sensitive financial instruments were primarily determined by the development of interest rate volatilities.

Hedge accounting

When designating derivative hedging instruments, the Mercedes-Benz Group generally applies a hedge ratio of 1. The respective volumes, interest curves, currencies and maturity dates of the underlying transaction and the hedging instrument are generally matched. In the case of combined derivative financial instruments for interest currency hedges, the cross-currency basis spread is not designated into the hedge relationship, but deferred as a hedging cost in other comprehensive income and recognized in profit or loss over the hedge term. The Group ensures an economic relationship between the underlying transaction and the hedging instrument by ensuring consistency of interest rates, payment dates, maturity terms and nominal amounts. In the case of hedging for ABS transactions of private placements, the risk of the market interest rate component is partly protected, which historically mainly covers the change in value of the total interest rate. The effectiveness of the hedge is assessed at the beginning and during the hedging relationship using the hypothetical derivative method. Possible sources of ineffectiveness of the hedging relationship are:

- Effects of the credit risk on the fair value of the hedging instruments in use.
- No perfect match for individual parameters of the underlying hedged transactions and the hedging instruments used.
- Premiums on hedging instruments for hedging ABS transactions.

There were no material effects on earnings in the years 2024 and 2023.

Commodity-price risk

The Mercedes-Benz Group is exposed to the risks of changes in market prices (e.g. for raw materials and energy) in connection with procuring manufacturing supplies used in production. The Mercedes-Benz Group usually counteracts the risk of short-term fluctuations in market prices by means of short and medium-term price escalation clauses or fixing of purchase prices in the supply contracts. The Mercedes-Benz Group concludes e.g. power purchase agreements for wind and solar energy in order to protect itself from fluctuations in energy prices and ensure long-term, sustainable procurement of electricity.

A small portion of the raw-material price risk relating to the forecast procurement of lithium compounds for high-voltage batteries was hedged with the use of derivative financial instruments. These hedging transactions are not designated in a hedging relationship due to the small volume and no value at risk is reported for commodity price risk.

Derivative financial instruments without hedge accounting

In 2024, the nominal volumes of hedging instruments not designated in a hedging relationship, amounted to €10 billion (2023: €9 billion) for derivatives used to hedge interest rate risks and €13 billion (2023: €13 billion) for derivatives used to hedge exchange-rate risks, as well as €650 million (2023: €644 million) for derivatives used to hedge market price risks (energy and raw materials).

Equity-price risk

The Mercedes-Benz Group predominantly holds investments in shares of companies which are classified as long-term investments, some of which are accounted for in the Consolidated Financial Statements using the equity method, such as the share in Daimler Truck Holding AG and BAIC Motor Corporation Ltd. These investments are therefore not included in a market risk assessment by the Group.

34. Segment reporting

Reported segments

The Group comprises the segments Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility.

The breakdown of the segments corresponds to the internal organizational and reporting structure. The vehicle segments develop and manufacture premium and luxury cars. In addition to the Mercedes-Benz brand, the brand portfolio of the Mercedes-Benz Cars segment encompasses the brands Mercedes-AMG and Mercedes-Maybach, as well as the G-Class product brand.

At Mercedes-Benz Vans, the vans are sold under the Mercedes-Benz brand. Corresponding spare parts and accessories are also sold.

The Mercedes-Benz Mobility segment supports the sales of the Mercedes-Benz Group's automotive brands worldwide. The product range primarily includes customized mobility and financial services: from leasing and financing packages for end customers and dealers to insurance solutions, flexible subscription and rental models and fleet management services for business customers, with the latter primarily offered via the Athlon brand. Furthermore, Mercedes-Benz Mobility is active in the area of innovative and digital mobility services, seamless payment methods as well as the expansion of the charging infrastructure.

Reconciliation

The reconciliation mainly includes equity investments not allocated to the segments (e.g. Daimler Truck Holding AG) and items at the corporate level. In addition, the reconciliation includes the effects on earnings of eliminating intra-Group transactions between the segments. Since 1 January 2024, effects from the intra-Group refinancing of the financial services business have been shown in the segment Mercedes-Benz Cars. This results in earnings of €398 million in 2024.

Internal management and reporting structure

The internal management and reporting structure at the Mercedes-Benz Group is principally based on the accounting policies according to IFRS that are described in Note 1.

The measure of the Group's net profit or loss used by the Mercedes-Benz Group's management and reporting structure is referred to as EBIT. EBIT comprises gross profit, selling and general administrative expenses, research and non-capitalized development costs, other operating income/expense, and the gains/losses on equity-method investments, as well as other financial income/expense.

In justified individual cases, effects on the Group's Consolidated Statement of Income, Consolidated Statement of Financial Position, and Consolidated Statement of Cash Flows are not allocated to the corresponding segment based on a legal point of view, but the segment report rather follows an economic approach.

Intersegment revenue is principally recorded at prices that approximate market terms.

Transactions between the segments are generally eliminated in the reconciliation. Some simplifications have been made in the segment reporting with regard to accounting for leasing agreements in connection with intra-Group transactions.

Segment assets principally comprise all assets. The assets of the Mercedes-Benz Cars and Mercedes-Benz Vans segments exclude income tax assets, assets from defined benefit pension plans and other post-employment benefit plans, and certain financial instruments (including liquidity).

Segment liabilities principally comprise all liabilities. The Mercedes-Benz Cars and Mercedes-Benz Vans reporting segments' liabilities exclude liabilities arising from income taxes, pensions and similar obligations and certain financial instruments (including financing).

The residual-value risks associated with the Group's operating leases and receivables from financial services are generally borne by the segments which manufactured the leased vehicles. Risk sharing is based on agreements between Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility; the terms vary by segment and geographic region.

Non-current assets consist of intangible assets, property, plant and equipment, and equipment on operating leases.

In addition to scheduled items, depreciation and amortization on non-current assets may also include impairments insofar as they do not relate to goodwill impairment according to IAS 36. Amortization of capitalized borrowing costs is not included.

The segment information has been expanded in particular to include the functional costs and is as follows for the years 2024 and 2023.

Segment information

	Mercedes-Benz Cars		**Mercedes-Benz Vans**		**Mercedes-Benz Mobility**		**Total Segments**		**Reconciliation**		**Mercedes-Benz Group**	
	2024	2023 (adjusted)	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)	**2024**	2023 (adjusted)
In millions of euros												
External revenue[1]	**102,483**	107,805	**18,612**	19,661	**24,499**	24,924	**145,594**	152,390	**–**	–	**145,594**	152,390
Intra-Group revenue[1]	**5,278**	4,951	**708**	627	**584**	647	**6,570**	6,225	**-6,570**	-6,225	**–**	–
Total revenue[1]	**107,761**	112,756	**19,320**	20,288	**25,083**	25,571	**152,164**	158,615	**-6,570**	-6,225	**145,594**	152,390
Cost of sales[1, 2]	**-86,191**	-85,970	**-14,669**	-15,235	**-22,754**	-22,483	**-123,614**	-123,688	**6,596**	6,302	**-117,018**	-117,386
Selling expenses[2]	**-8,053**	-8,094	**-1,479**	-1,528	**-616**	-685	**-10,148**	-10,307	**155**	37	**-9,993**	-10,270
General administrative expenses[2]	**-1,481**	-1,580	**-257**	-244	**-755**	-793	**-2,493**	-2,617	**-36**	-154	**-2,529**	-2,771
Research and non-capitalized development costs	**-5,187**	-5,682	**-433**	-524	**–**	–	**-5,620**	-6,206	**40**	-24	**-5,580**	-6,230
Gains/losses on equity-method investments, net	**398**	1,355	**56**	126	**-2**	-155	**452**	1,326	**686**	803	**1,138**	2,129
Other income/expense	**1,213**	1,439	**394**	255	**178**	-153	**1,785**	1,541	**202**	257	**1,987**	1,798
Segment profit/loss (EBIT)	**8,460**	14,224	**2,932**	3,138	**1,134**	1,302	**12,526**	18,664	**1,073**	996	**13,599**	19,660
Segment assets	**92,365**	93,435	**11,410**	10,486	**149,251**	145,057	**253,026**	248,978	**-8,590**	-8,152	**244,436**	240,826
Carrying amounts of equity-method investments	**3,287**	3,922	**292**	325	**325**	208	**3,904**	4,455	**8,882**	8,649	**12,786**	13,104
Additions to non-current assets	**15,338**	14,939	**2,353**	1,570	**15,982**	13,541	**33,673**	30,050	**-282**	-225	**33,391**	29,825
Depreciation and amortization of non-current assets	**7,770**	7,386	**690**	608	**6,278**	5,778	**14,738**	13,772	**-58**	-75	**14,680**	13,697
Segment liabilities	**50,984**	51,668	**9,802**	9,232	**135,889**	132,043	**196,675**	192,943	**-13,736**	-11,813	**182,939**	181,130

1 The previous year's figures for Mercedes-Benz Mobility, the reconciliation and the Mercedes-Benz Group have been corrected in accordance with IAS 8. Further information is included in Note 3.
2 For a more suitable presentation, reclassifications in the functional costs have been carried out for Mercedes-Benz Cars, Mercedes-Benz Vans and the reconciliation. The reclassifications are described in Note 1.

Reconciliation

The following table shows the reconciliation of EBIT according to segment reporting to the Consolidated Statement of Income.

Reconciliation of EBIT to Group figures

	2024	2023
In millions of euros		
Total of segments' profit/loss (EBIT)	**12,526**	18,664
Gains/losses on equity-method investments, net	**686**	803
Other reconciling items	**197**	55
Eliminations	**190**	138
EBIT as shown in the Consolidated Statement of Income/Loss	**13,599**	19,660

The **gains/losses on equity-method investments** includes the positive profit contribution of €711 million (2023: €797 million) from Daimler Truck Holding AG.

The line item **other reconciling items** includes further items at the corporate level. In 2024, there was in particular a positive effect on earnings of €223 million (2023: €68 million) from the revaluation of the liabilities recognized in the context of the share buyback programmes.

The reconciliation of segment assets and liabilities to relevant amounts for the Group is shown in the next table.

Reconciliation of segment assets and liabilities to Group figures

	2024	2023
In millions of euros		
Total of segment assets	**253,026**	248,978
Equity-method investment in DTHAG	**8,655**	8,425
Other equity-method investments[1]	**227**	224
Income tax assets[2]	**3,867**	3,448
Other reconciling items and eliminations	**-21,339**	-20,249
Segment assets Group	**244,436**	240,826
Unallocated financial instruments (including liquidity) and assets from pensions and similar obligations[2]	**20,574**	22,196
Total assets Group	**265,010**	263,022
Total of segment liabilities	**196,675**	192,943
Income tax liabilities[2]	**7,827**	8,226
Other reconciling items and eliminations	**-21,563**	-20,039
Segment liabilities Group	**182,939**	181,130
Unallocated financial instruments and liabilities from pensions and similar obligations[2]	**-11,559**	-10,924
Total equity Group	**93,630**	92,816
Total equity and liabilities Group	**265,010**	263,022

1 This mainly comprises the equity-method carrying amount of BAIC Motor.
2 Unless these are attributable to Mercedes-Benz Mobility.

Revenue and non-current assets by region

With respect to information on geographical regions, revenue is allocated to countries based on the location of the customer; non-current assets are presented according to the physical location of these assets.

Revenue from external customers and non-current assets by region are shown in the following table.

Revenue and non-current assets by region

	Revenue		Non-current assets	
	2024	2023 (adjusted)	**2024**	2023
In millions of euros				
Europe[1]	**58,764**	61,067	**67,870**	64,719
thereof Germany[1]	**21,707**	24,631	**47,534**	46,511
North America	**38,917**	40,488	**20,747**	18,430
thereof United States	**34,900**	36,041	**18,761**	16,526
Asia	**39,643**	43,382	**1,784**	1,497
thereof China	**23,139**	25,284	**523**	507
Other markets	**8,270**	7,453	**792**	749
	145,594	152,390	**91,193**	85,395

1 The previous year's figures have been corrected in accordance with IAS 8. Further information is included in Note 3.

35. Capital management

Net assets and value added represent the basis for capital management at the Mercedes-Benz Group. Although individual companies in the Mercedes-Benz Mobility segment are subject to the capital requirements of the respective banking supervision, Mercedes-Benz Group AG is not subject to external minimum capital requirements.

The assets and liabilities of the segments in accordance with IFRS provide the basis for the determination of net assets at Group level. Mercedes-Benz Cars and Mercedes-Benz Vans are accountable for the net operating assets; all assets, liabilities and provisions for which they are responsible for in day-to-day operations are therefore allocated to them. Performance measurement at Mercedes-Benz Mobility is on an equity basis, in line with the usual practice in the banking business. Net assets at Group level additionally include assets and liabilities from income taxes as well as other corporate items and eliminations.

Average annual net assets are calculated on the basis of average quarterly net assets. The average quarterly net assets are calculated as an average of the net assets at the beginning and the end of the quarter.

Average net assets

	2024	2023
In millions of euros		
Mercedes-Benz Cars	**41,905**	41,407
Mercedes-Benz Vans	**1,632**	1,253
Mercedes-Benz Mobility[1]	**12,993**	13,774
Net assets of the segments	**56,530**	56,434
Equity-method investment in DTHAG	**8,466**	8,221
Other equity-method investments[2]	**230**	253
Assets and liabilities from income taxes[3]	**-4,717**	-5,159
Other corporate items and eliminations	**-19**	94
Net assets Mercedes-Benz Group	**60,490**	59,843

1 Equity.
2 Unless allocated to the segments.
3 To the extent not allocated to Mercedes-Benz Mobility.

The cost of capital of the Group's average net assets is reflected in value added. Value added shows the extent to which the Group achieves or exceeds the minimum return requirements of the shareholders, thus creating additional value. The required rate of return on net assets, and thus the cost of capital rate, is derived from the minimum rates of return that equity investors and lenders expect on their invested capital. In the reporting year, the cost of capital rate used for the internal capital management amounted to 9.5% (2023: 9.0%) after taxes.

The objective of capital management is to increase value added, among other things, by optimizing the cost of capital. This is achieved on the one hand by optimizing the net assets, e.g. working capital, which is within the operational responsibility of the segments. On the other hand, taking into account legal regulations, the Mercedes-Benz Group strives to optimize the costs and risks of its capital structure, and consequently, the cost of capital rate. An example of this is an appropriate level of liquidity, oriented towards the operational requirements.

36. Earnings per share

The calculation of basic and diluted earnings per share is based on net profit attributable to shareholders of Mercedes-Benz Group AG. The profit attributable to shareholders of Mercedes-Benz Group AG (basic and diluted) amounts to €10,207 million (2023: €14,261 million). The weighted average number of shares outstanding (basic and diluted) whose decrease is due to the share buyback programmes completed in the reporting year amounts to 1,002.0 million issued shares (2023: 1,059.6 million issued shares). As a result, earnings per share amount to €10.19 (2023: €13.46) in 2024.

37. Related-party disclosures

Related parties (companies or persons) are deemed to be associated companies, joint ventures and unconsolidated subsidiaries as well as persons who exercise a significant influence on the financial and business policy of the Mercedes-Benz Group. The latter category includes all persons in key positions and their close family members.

At the Mercedes-Benz Group, those persons are the members of the Board of Management and of the Supervisory Board of Mercedes-Benz Group AG and their close family members.

Business transactions with related parties are generally carried out at market terms.

Transactions with related parties

	Income from sales of goods and services and other income		Expense from purchases of goods and services and other expense		Receivables and right-of-use assets		Liabilities and provisions[1]	
					31 December			31 December
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
In millions of euros								
Associated companies	**16,022**	16,800	**2,067**	2,337	**3,749**	4,351	**432**	541
thereof Daimler Truck[2]	**791**	943	**1,302**	1,751	**1,186**	1,682	**203**	299
thereof LSHAI/LSHAH	**7,533**	9,257	**326**	287	**946**	1,227	**13**	12
thereof BBAC	**7,671**	6,581	**428**	298	**1,562**	1,396	**208**	221
Joint ventures	**588**	469	**34**	31	**120**	223	**4**	17
Companies controlled by related persons	**1**	–	**450**	185	**–**	–	**56**	65

1 Including liabilities from default risks from guarantees for related parties.
2 Services by corporate functions (e.g. IT, Logistics and HR) are temporarily included in addition to relationships in the scope of ordinary business, for example, the purchase and sale of goods and services and leasing agreements.

Associated companies

A large portion of the Group's transactions with associated companies relate to business relationships with the Daimler Truck Holding AG (Daimler Truck), which is allocated to the reconciliation, and with LSH Auto International Limited (LSHAI) and LSH Auto Holding Limited (LSHAH) as well as Beijing Benz Automotive Co., Ltd. (BBAC), which are allocated to the Mercedes-Benz Cars segment.

In 2024 LSHAI was reorganized into two legally independent entities, LSHAI and LSHAH. LSHAI continues sales in China, while LSHAH has taken over the business for all other countries.

There are numerous relationships in the scope of ordinary business between the Mercedes-Benz Group and **Daimler Truck**, for example, the purchase and sale of goods and services and leasing agreements. In addition, there is an interim provision of services by corporate functions that are included under other operating income.

In the Mercedes-Benz Mobility segment, the leasing and sales-financing business for Daimler Truck's commercial vehicles will be continued in some markets. To this end, Mercedes-Benz Mobility acquires these vehicles from Daimler Truck and leases them to the end customers. Insofar as a mandatory vehicle return to Daimler Truck has been agreed, a leasing contract (head lease) between Mercedes-Benz Mobility and Daimler Truck is shown. The contract between Mercedes-Benz Mobility and the end customer constitutes a sublease in this respect. The receivables and right-of-use assets shown in the table include demands for the repurchase of vehicles of €843 million (2023: €1,121 million) shown in receivables from financial services and right-of-use assets of €103 million (2023: €268 million) vis-à-vis Daimler Truck shown in equipment on operating leases. These right-of-use assets were depreciated as planned by €124 million in 2024 (2023: €217 million).

In addition, the Mercedes-Benz Group holds a minority interest of €220 million (2023: €207 million) in real estate companies controlled by Daimler Truck Group, which is shown as debt instruments in other financial assets.

In 2019, the assets and liabilities of Mercedes-Benz Group AG (formerly Daimler AG) were spun off into the legally independent units Mercedes-Benz AG and Daimler Truck AG. In this context, Mercedes-Benz Group AG, Mercedes-Benz AG and Daimler Truck AG, as legal entities involved in the spin-off, are jointly and severally liable for the liabilities of Mercedes-Benz Group AG that arose before the spin-off took effect, in accordance with Section 133 Subsections 1 and 3 of the German Transformation Act (UmwG). The provisions existing in this context, in particular the procedure for regulating the internal settlements between the participating legal entities, are regulated in the hive-down agreement of 25 March 2019. The period is ten years for pension obligations based on the Company Pensions Act that existed before the hive-down took effect. Mercedes- Benz Group AG and Mercedes-Benz AG do not expect any outflow of liquidity due to a sufficient volume of the special-purpose assets being available to the other legal entity. All other liability claims arising from subsequent liability expired in the reporting year.

Joint ventures

On 12 May 2022, Mercedes-Benz AG signed an agreement with PSA Automobiles SA, Opel Automobile GmbH, Saft EV SAS and Saft Groupe to acquire a 33.33% stake in **Automotive Cells Company SE (ACC)** through a capital contribution of approximately €390 million. Due to several disproportionate increases in the shareholding in the 2024 financial year, the shareholding in ACC as of 31 December 2024 is 30.58%. In addition the Group committed to providing further funds totalling up to €810 million.

At 31 December 2024, up to €545 million of contractually committed funds had not been drawn down (2023: €867 million). The decrease compared to the prior year is due to the call of €155 million (thereof €130 million as equity) of the funding commitments by ACC and changes in guarantee commitments. As of 31 December 2024, there are also off-balance-sheet obligations of €256 million (2023: €256 million).

On 1 July 2022, an agreement became effective in favour of **smart Automobile Co., Ltd. (smart)**, a joint venture of Mercedes-Benz AG and Zhejiang Geely Holding Group Co., Ltd. This agreement obliges the shareholders to provide financial support up to a maximum amount of €593 million each in the event that smart is not able to perform its payment obligations under a syndicated loan agreement. smart is allocated to the Mercedes-Benz Cars segment.

Note 14 provides further details of the business activities of the significant associated companies and joint ventures.

Related persons

Throughout the world, the Group has business relationships with numerous entities that are customers and/or suppliers of the Group. Those customers and/or suppliers include companies that have a connection with some of the members of the Board of Management or of the Supervisory Board and close family members of those board members of Mercedes-Benz Group AG or of its subsidiaries. Board of Management and Supervisory Board members and close family members of those board members may also purchase goods and services from Mercedes-Benz Group AG or its subsidiaries as customers.

Mr Stefan Pierer has been a member of the Supervisory Board of Mercedes-Benz Group AG and Mercedes-Benz AG since May 2023. The Mercedes-Benz Group maintains supply and service relationships with some companies in the Pierer Group. The Pierer Group includes Leoni AG and the SHW Group, two international automotive suppliers, as well as other companies. The table Transactions with related parties shows the information on the volume of goods and services supplied by these companies in the line Companies controlled by related persons. In September 2024, a contract for the sale of 50.1% of the shares in Leoni AG was signed. The completion is subject to antitrust approval.

Contributions to plan assets

Mercedes-Benz Pension Trust e.V. manages the plan assets on a fiduciary basis to cover pension obligations in Germany and is therefore a related party of the Mercedes-Benz Group. Another related party is Mercedes-Benz Pensionsfonds AG. Mercedes-Benz Group AG bears non-significant expenses and provides services for both companies. See also Note 23 for further information.

38. Remuneration of the members of the Board of Management and the Supervisory Board

Remuneration of the members of the Board of Management of Mercedes-Benz Group AG
The table below shows the remuneration granted during 2024 to the members of the Board of Management who were active in 2024. The figures were recorded in accordance with IFRS.

Remuneration of the members of the Board of Management

	2024	2023
In millions of euros		
Fixed remuneration	**11**	10
Variable remuneration		
Short-term variable remuneration (100% of annual bonus)[1]	**12**	16
Long-term variable remuneration (PPSP)	**12**	16
Post-employment benefits (service cost)	**3**	2
	38	44

1 The short-term variable remuneration is paid in March of the following year.

Expenses for long-term variable remuneration of the Board of Management, as shown in the table, result from the ongoing measurement at fair value at each balance sheet date of all rights granted and not yet due under the stock-based Performance Phantom Share Plans (PPSP), i.e., for the plans of the years 2021 to 2024. In 2024, the active members of the Board of Management were granted 198,702 (2023: 181,341) phantom shares in connection with the PPSP; the fair value of these phantom shares at the grant date was €13 million (2023: €13 million). See Note 22 for additional information on share-based payment of the members of the Board of Management.

Payments made in 2024 to former members of the Board of Management and their survivors amounted to a total of €22 million (2023: €20 million).

As of 31 December 2024, provisions of €26 million (2023: 21 million) have been made for pension obligations to active members of the Board of Management. The pension provisions for former members of the Board of Management and their survivors amounted to €246 million as of 31 December 2024 (2023: €265 million).

In accordance with Section 314 Subsection 1 No. 6a of the German Commercial Code (HGB), the overall remuneration granted to the members of the Board of Management (excluding service cost resulting from entitlements to post-employment benefits) amounted to €36 million (2023: €39 million), including the stock-based remuneration with a fair value of €13 million (2023: €13 million).

The members of the Board of Management do not receive any remuneration for their board activities on the boards of the subsidiaries. These activities are remunerated with the remuneration at Mercedes-Benz Group AG.

No advances or loans were granted or waived to members of the Board of Management in 2024.

Remuneration of the members of the Supervisory Board of Mercedes-Benz Group AG
The members of the Supervisory Board are solely granted short-term fixed remuneration for their board and committee activities. This remuneration amounted to €6 million (2023: €6 million); the amount the members receive depends on their respective function in the Supervisory Board.

With the exception of the remuneration paid to the members of the Supervisory Board representing the employees in accordance with their contracts of employment, no remuneration was paid to the members of the Supervisory Board for services provided personally beyond their board and committee activities in 2024, in particular for advisory or agency services. In addition, advances or loans were neither granted nor waived to members of the Supervisory Board.

Individualized information on the remuneration of the members of the Board of Management and of the Supervisory Board is disclosed in the Remuneration Report.

39. Auditor fees

At the Annual General Meeting on May 3, 2023, the shareholders of Mercedes-Benz Group AG elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft as auditor and Group auditor for the first time, starting with the financial year 2024. The following table shows the fees recorded as expenses for the 2024 financial year for PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC GmbH) and the companies of the global PwC network (PwC worldwide) for services provided to Mercedes-Benz Group AG, the consolidated subsidiaries and the proportionately consolidated joint operations.

The fees for **audit services** comprise in particular fees for the statutory audit of the Annual and Consolidated Financial Statements and the subsidiaries included in the Consolidated Financial Statements, fees for the reviews of the Interim Financial Statements and fees for additional audit services.

The fees shown under **other attestation services** relate in particular to reviews of information systems and processes as well as the issuance of comfort letters.

Other services mainly include professional services in connection with strategic projects.

Auditor fees

		2024
In millions of euros		
	PwC worldwide	thereof PwC GmbH
Audit services	**34**	**19**
Other attestation services	**2**	**2**
Other services	**3**	**2**
	39	**23**

40. Events after the reporting period

Sale of production and sales capacities in Argentina

In February 2025, The Board of Management of Mercedes-Benz Group AG resolved to sell the production and sales capacities in Argentina. The contract was also signed in February 2025. The transaction is expected to be completed in mid-2025. The transaction is expected to give rise to other operating expense of around €0.4 billion in 2025, as well as a disposal of assets of around €0.5 billion and liabilities of around €0.2 billion. The expenses mainly relate to the Mercedes-Benz Vans segment.

Decision on new share buyback programme

At its meeting on 19 February 2025, the Supervisory Board approved a further share buyback programme agreed on by the Board of Management with a maximum volume of up to €5 billion over a period of up to 24 months. The share buyback is based on and in accordance with the general share buyback policy and is subject to renewed authorization by the General Meeting in May 2025 to buy back own shares up to a maximum of 10% of the share capital.

41. German Corporate Governance Code

The Board of Management and the Supervisory Board of Mercedes-Benz Group AG have issued a declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) and have made it permanently available to their shareholders on the Group's website.

42. Information on investments

The statement of investments of the Group pursuant to Section 313 Subsection 2 Nos. 1–6 of the German Commercial Code (HGB) is presented in the following table. In general, cooperations without an equity interest are not reported. Information on equity and earnings and information on investments pursuant to Section 313 Subsection 2 No. 4 of the German Commercial Code (HGB) is omitted insofar as, pursuant to Section 313 Subsection 3 Sentence 4 of the HGB, such information is of minor relevance for a fair presentation of the profitability, liquidity and capital resources, and financial position of the Group. In addition, the statement of investments indicates which consolidated companies make use of the exemption pursuant to Section 264 Subsection 3 of the HGB and/or Section 264b of the HGB. The Consolidated Financial Statements of Mercedes-Benz Group AG release those subsidiaries from the requirements that would otherwise apply.

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
I. Consolidated subsidiaries			
Accumotive GmbH & Co. KG	Kamenz, Germany	100.00	5
Alpha 1 Mercedes-Benz Grundstücksverwaltung GmbH	Schönefeld, Germany	100.00	5
Alpha 2 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Alpha 3 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Alpha 4 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Alpha 5 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Alpha 6 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Alpha 7 Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Athlon Beheer International B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Belgium N.V.	Machelen, Belgium	100.00	
Athlon Car Lease International B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Italy S.R.L.	Rome, Italy	100.00	
Athlon Car Lease Nederland B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Polska Sp. z o.o.	Warsaw, Poland	100.00	
Athlon Car Lease Portugal, lda	Sintra, Portugal	100.00	
Athlon Car Lease Rental Services B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Rental Services Belgium N.V.	Machelen, Belgium	100.00	
Athlon Car Lease S.A.S.	Le Bourget, France	100.00	
Athlon Car Lease Spain, S.A.	Alcobendas, Spain	100.00	
Athlon France S.A.S.	Le Bourget, France	100.00	
Athlon Germany GmbH	Düsseldorf, Germany	100.00	
Athlon Mobility Consultancy N.V.	Machelen, Belgium	100.00	
Athlon Mobility Services UK Limited	Milton Keynes, United Kingdom	100.00	
Athlon Rental Germany GmbH	Düsseldorf, Germany	100.00	
CARS Technik & Logistik GmbH	Wiedemar, Germany	100.00	5
Daimler Fleet Management South Africa (Pty.) Ltd. i. L.	Pretoria, South Africa	65.00	4
Daimler Vans USA, LLC	Wilmington, USA	100.00	
Daimler Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
Delta Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
EHG Elektroholding GmbH	Stuttgart, Germany	100.00	5
Epsilon Mercedes-Benz Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
FOTIC – MB Leasing No. 6 Single Fund Trust	Beijing, China	0.00	3
Friesland Lease B.V.	Drachten, Netherlands	51.11	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Interleasing Luxembourg S.A.	Windhof, Luxembourg	100.00	
Koppieview Property (Pty) Ltd	Pretoria, South Africa	100.00	
LBBW AM – Daimler Re Insurance	Luxembourg, Luxembourg	0.00	3
LBBW AM – MBVEXW	Stuttgart, Germany	0.00	3
MBarc Credit Canada Inc.	Mississauga, Canada	100.00	
MBition GmbH	Berlin, Germany	100.00	5
MDC Power GmbH	Kölleda, Germany	100.00	5
Mercedes AMG High Performance Powertrains Ltd	Brixworth, United Kingdom	100.00	
Mercedes pay GmbH	Stuttgart, Germany	100.00	5
Mercedes-AMG GmbH	Affalterbach, Germany	100.00	5
Mercedes-Benz (Beijing) Parts Trading and Services Co., Ltd.	Beijing, China	100.00	
Mercedes-Benz (China) Ltd.	Beijing, China	75.00	
Mercedes-Benz (Thailand) Limited	Bangkok, Thailand	100.00	
Mercedes-Benz AG	Stuttgart, Germany	100.00	5
Mercedes-Benz Argentina S.A.U.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Asia GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Assuradeuren B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Australia/Pacific Pty Ltd	Melbourne, Australia	100.00	
Mercedes-Benz Auto Finance Ltd.	Beijing, China	100.00	
Mercedes-Benz Auto Lease Trust 2023-A	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2024-A	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2024-B	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2021-1	Farmington Hills, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2022-1	Farmington Hills, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2023-1	Farmington Hills, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2023-2	Farmington Hills, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2024-1	Farmington Hills, USA	0.00	3
Mercedes-Benz Automotive Mobility GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Bank AG	Stuttgart, Germany	100.00	
Mercedes-Benz Bank GmbH	Eugendorf, Austria	100.00	
Mercedes-Benz Bank Service Center GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Banking Service GmbH	Saarbrücken, Germany	100.00	5
Mercedes-Benz Belgium Luxembourg S.A.	Brussels, Belgium	100.00	
Mercedes-Benz Broker Biztositási Alkusz Hungary Kft.	Budapest, Hungary	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Mercedes-Benz Brooklands Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Canada Inc.	Mississauga, Canada	100.00	
Mercedes-Benz Capital Investments B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Cars & Vans Brasil Ltda.	São Paulo, Brazil	100.00	
Mercedes-Benz Connectivity Services GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Corporate Investments, LLC	Wilmington, USA	100.00	
Mercedes-Benz Credit Pénzügyi Szolgáltató Hungary Zrt.	Budapest, Hungary	100.00	
Mercedes-Benz Customer Assistance Center Maastricht N.V.	Maastricht, Netherlands	100.00	
Mercedes-Benz Customer Solutions GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Danmark A/S	Copenhagen, Denmark	100.00	
Mercedes-Benz Espana, S.A.U.	Alcobendas, Spain	100.00	
Mercedes-Benz ExTra LLC	Wilmington, USA	100.00	
Mercedes-Benz Finance Canada Inc.	Montreal, Canada	100.00	
Mercedes-Benz Finance Co., Ltd.	Chiba, Japan	95.11	
Mercedes-Benz Finance North America LLC	Wilmington, USA	100.00	
Mercedes-Benz Financial Services Australia Pty. Ltd.	Melbourne, Australia	100.00	
Mercedes-Benz Financial Services Austria GmbH	Eugendorf, Austria	100.00	
Mercedes-Benz Financial Services BeLux NV	Brussels, Belgium	100.00	
Mercedes-Benz Financial Services Canada Corporation	Mississauga, Canada	100.00	
Mercedes-Benz Financial Services Ceská republika s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Financial Services España, E.F.C., S.A.	Alcobendas, Spain	100.00	
Mercedes-Benz Financial Services France S.A.	Montigny-le-Bretonneux, France	100.00	
Mercedes-Benz Financial Services Hong Kong Ltd.	Hong Kong, China	80.00	
Mercedes-Benz Financial Services India Private Limited	Chennai, India	100.00	
Mercedes-Benz Financial Services Investment Company LLC	Wilmington, USA	100.00	
Mercedes-Benz Financial Services Italia S.p.A.	Rome, Italy	100.00	
Mercedes-Benz Financial Services Korea Ltd.	Seoul, South Korea	80.00	
Mercedes-Benz Financial Services Nederland B.V.	Nieuwegein, Netherlands	100.00	
Mercedes-Benz Financial Services New Zealand Ltd	Auckland, New Zealand	100.00	
Mercedes-Benz Financial Services Portugal – Sociedade Financeira de Crédito S.A.	Mem Martins, Portugal	100.00	
Mercedes-Benz Financial Services Schweiz AG	Schlieren, Switzerland	100.00	
Mercedes-Benz Financial Services Singapore Ltd.	Singapore, Singapore	100.00	
Mercedes-Benz Financial Services Slovakia s.r.o.	Bratislava, Slovakia	75.00	
Mercedes-Benz Financial Services South Africa (Pty) Ltd	Pretoria, South Africa	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Mercedes-Benz Financial Services Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz Financial Services Taiwan Ltd.	Taipei, Taiwan, China	51.00	
Mercedes-Benz Financial Services UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Financial Services USA LLC	Wilmington, USA	100.00	
Mercedes-Benz Finans Danmark A/S	Copenhagen, Denmark	100.00	
Mercedes-Benz Finans Sverige AB	Malmö, Sweden	100.00	
Mercedes-Benz Finansman Türk A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Fleet Management Singapore Pte. Ltd.	Singapore, Singapore	100.00	
Mercedes-Benz France S.A.S.	Montigny-le-Bretonneux, France	100.00	
Mercedes-Benz Group Australia/Pacific Pty Ltd	Melbourne, Australia	100.00	
Mercedes-Benz Group China Ltd.	Beijing, China	100.00	
Mercedes-Benz Group Services Berlin GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Group Services Madrid, S.A.U.	San Sebastián de los Reyes, Spain	100.00	
Mercedes-Benz Group Services Phils., Inc.	Cebu City, Philippines	100.00	
Mercedes-Benz Grund Services GmbH	Schönefeld, Germany	100.00	5
Mercedes-Benz High Power Charging Europe GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Holdings UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Hong Kong Limited	Hong Kong, China	100.00	
Mercedes-Benz HPC North America LLC	Wilmington, USA	80.00	
Mercedes-Benz India Private Limited	Pune, India	100.00	
Mercedes-Benz Insurance Agency LLC	Wilmington, USA	100.00	
Mercedes-Benz Insurance Broker S.R.L.	Voluntari, Romania	100.00	
Mercedes-Benz Insurance Services GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Insurance Services Nederland B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Insurance Services Taiwan Ltd.	Taipei, Taiwan, China	100.00	
Mercedes-Benz Insurance Services UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Intellectual Property GmbH & Co. KG	Stuttgart, Germany	100.00	5
Mercedes-Benz International Finance B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Italia S.p.A.	Rome, Italy	100.00	
Mercedes-Benz Japan G.K.	Chiba, Japan	100.00	
Mercedes-Benz Korea Limited	Seoul, South Korea	51.00	
Mercedes-Benz Lease Italia S.r.l.	Rome, Italy	100.00	
Mercedes-Benz Leasing Co., Ltd.	Beijing, China	65.00	
Mercedes-Benz Leasing Deutschland GmbH	Stuttgart, Germany	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Mercedes-Benz Leasing GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Leasing IFN S.A.	Bucharest, Romania	100.00	
Mercedes-Benz Leasing Kft.	Budapest, Hungary	100.00	
Mercedes-Benz Leasing Polska Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz Leasing Treuhand GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz LT GmbH	Böblingen, Germany	100.00	5
Mercedes-Benz Ludwigsfelde Anlagenverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Mercedes-Benz Ludwigsfelde GmbH	Ludwigsfelde, Germany	100.00	5
Mercedes-Benz Malaysia Sdn. Bhd.	Puchong, Malaysia	100.00	
Mercedes-Benz Manhattan, Inc.	Wilmington, USA	100.00	
Mercedes-Benz Manufacturing (Thailand) Limited	Bangkok, Thailand	100.00	
Mercedes-Benz Manufacturing Hungary Kft.	Kecskemét, Hungary	100.00	
Mercedes-Benz Manufacturing Poland sp. z o.o.	Jawor, Poland	100.00	
Mercedes-Benz Master Owner Trust	Wilmington, USA	0.00	3
Mercedes-Benz Mitarbeiter-Fahrzeuge Leasing GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Mobility & Technology Service (Beijing) Co., Ltd.	Beijing, China	100.00	
Mercedes-Benz Mobility (Thailand) Co., Ltd.	Bangkok, Thailand	100.00	
Mercedes-Benz Mobility AG	Stuttgart, Germany	100.00	5
MERCEDES-BENZ MOBILITY AUSTRALIA PTY LTD	Melbourne, Australia	100.00	
Mercedes-Benz Mobility Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Mobility Korea Ltd.	Seoul, South Korea	100.00	
MERCEDES-BENZ MOBILITY MEXICO, S. DE R.L. DE C.V.	Mexico City, Mexico	100.00	
Mercedes-Benz Mobility Services GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz México International, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Mercedes-Benz México, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Mercedes-Benz Nederland B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Nederland Holding B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz New Zealand Ltd	Auckland, New Zealand	100.00	
Mercedes-Benz North America Corporation	Wilmington, USA	100.00	
Mercedes-Benz North America Finance LLC	Newark, USA	100.00	
Mercedes-Benz Otomotiv Ticaret ve Hizmetler A.S.	Istanbul, Turkey	66.91	
Mercedes-Benz Parts Brand GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Parts Logistics Asia Pacific Sdn. Bhd.	Puchong, Malaysia	100.00	
Mercedes-Benz Parts Logistics Ibérica, S.L.U.	Azuqueca de Henares, Spain	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Mercedes-Benz Parts Logistics UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Parts Manufacturing & Services Ltd.	Shanghai, China	100.00	
Mercedes-Benz Polska Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz Portugal, S.A.	Sintra, Portugal	100.00	
Mercedes-Benz Real Estate GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Reinsurance S.A. Luxembourg	Luxembourg, Luxembourg	100.00	
Mercedes-Benz Renting, S.A.	Alcobendas, Spain	100.00	
Mercedes-Benz Research & Development North America, Inc.	Wilmington, USA	100.00	
Mercedes-Benz Research and Development India Private Limited	Bangalore, India	100.00	
Mercedes-Benz Retail Group UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Retail Receivables LLC	Farmington Hills, USA	100.00	
Mercedes-Benz Romania S.R.L.	Bucharest, Romania	100.00	
Mercedes-Benz Schweiz AG	Schlieren, Switzerland	100.00	
Mercedes-Benz Service Leasing S.R.L.	Bucharest, Romania	100.00	
Mercedes-Benz Services Correduria de Seguros, S.A.	Alcobendas, Spain	100.00	
Mercedes-Benz Services Malaysia Sdn Bhd	Selangor, Malaysia	100.00	
Mercedes-Benz Sigorta Aracilik Hizmetleri A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Singapore Pte. Ltd.	Singapore, Singapore	100.00	
Mercedes-Benz South Africa Ltd	Pretoria, South Africa	100.00	
Mercedes-Benz Sverige AB	Malmö, Sweden	100.00	
Mercedes-Benz Taiwan Ltd.	Taipei, Taiwan, China	51.00	
Mercedes-Benz Tech Innovation GmbH	Ulm, Germany	100.00	5
Mercedes-Benz Trust Holdings LLC	Farmington Hills, USA	100.00	
Mercedes-Benz Trust Leasing Conduit LLC	Wilmington, USA	100.00	
Mercedes-Benz Trust Leasing LLC	Farmington Hills, USA	100.00	
Mercedes-Benz U.S. International, Inc.	Vance, USA	100.00	
Mercedes-Benz Ubezpieczenia Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz USA, LLC	Wilmington, USA	100.00	
Mercedes-Benz Vans Hong Kong Limited	Hong Kong, China	67.55	
Mercedes-Benz Vans UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Vans, LLC	Wilmington, USA	100.00	
Mercedes-Benz Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Versicherung AG	Stuttgart, Germany	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Mercedes-Benz Versicherungsservice GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	5
Mercedes-Benz Vietnam Ltd.	Ho Chi Minh City, Vietnam	70.00	
Mercedes-Benz Warszawa Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz Wholesale Receivables LLC	Wilmington, USA	100.00	
Mercedes-Benz Österreich GmbH	Eugendorf, Austria	100.00	
Mercedes-Benz Česká republika s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz – Aluguer de Veículos, Lda.	Mem Martins, Portugal	100.00	
MN8 Charging LLC	Wilmington, USA	20.00	3
Movinx Americas Company, Inc.	Schaumburg, USA	100.00	
Movinx GmbH	Berlin, Germany	100.00	
Movinx UK Ltd.	London, United Kingdom	100.00	
Multifleet G.I.E.	Le Bourget, France	50.10	
Silver Arrow Athlon NL 2021-1	Utrecht, Netherlands	0.00	3
Silver Arrow Australia Trust 2019-1	Melbourne, Australia	0.00	3
Silver Arrow Australia Trust 2020-1	Melbourne, Australia	0.00	3
Silver Arrow Australia Trust 2024-1	Melbourne, Australia	0.00	3
Silver Arrow Canada GP Inc.	Mississauga, Canada	100.00	
Silver Arrow Canada LP	Mississauga, Canada	100.00	7
SILVER ARROW CHINA 2022-2 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA 2023-1 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA 2023-2 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA 2024-1 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA 2024-2 RETAIL AUTO LOAN GREEN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
SILVER ARROW CHINA 2024-3 RETAIL AUTO LOAN ASSET BACKED NOTES TRUST	Beijing, China	0.00	3
Silver Arrow China Mercedes-Benz Leasing Co., Ltd. 2023-1	Beijing, China	0.00	3
Silver Arrow Japan 2022-1	Tokyo, Japan	0.00	3
Silver Arrow Japan 2024-1	Tokyo, Japan	0.00	3
Silver Arrow Lease Facility Trust	Wilmington, USA	0.00	3
Silver Arrow Merfina 2024-1 s.r.l.	Rome, Italy	0.00	3
Silver Arrow S.A.	Luxembourg, Luxembourg	0.00	3
Star Assembly SRL	Sebeș, Romania	100.00	
Ucafleet S.A.S.	Le Bourget, France	65.00	
Vierzehnte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	5
Wagenplan B.V.	Almere, Netherlands	60.00	
YASA Limited	Kidlington, United Kingdom	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
II. Unconsolidated subsidiaries			
Accumotive Verwaltungs-GmbH	Kamenz, Germany	100.00	
AEG Olympia Office GmbH	Stuttgart, Germany	100.00	
Affalterbach Racing GmbH	Affalterbach, Germany	100.00	
Alpha 2024 Mercedes-Benz Grundstücksverwaltung GmbH	Schönefeld, Germany	100.00	
Anota Fahrzeug Service- und Vertriebsgesellschaft mbH	Berlin, Germany	100.00	
Circulo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	62.49	
Cúspide GmbH	Stuttgart, Germany	100.00	
Lapland Car Test Aktiebolag	Arvidsjaur, Sweden	100.00	
LEONIE DMS DVB GmbH	Stuttgart, Germany	100.00	
Li-Tec Battery GmbH	Kamenz, Germany	100.00	
MB GTC GmbH Mercedes-Benz Gebrauchtteile Center	Neuhausen auf den Fildern, Germany	100.00	
MBition Sofia EOOD	Sofia, Bulgaria	100.00	
Mercedes pay AG – in Liquidation	Zug, Switzerland	100.00	4
Mercedes pay USA LLC	Wilmington, USA	100.00	
Mercedes-Benz Assignment Services Americas, LLC	Wilmington, USA	100.00	
Mercedes-Benz Business Services Sdn Bhd	Puchong, Malaysia	100.00	
Mercedes-Benz Cars Middle East FZE	Dubai, United Arab Emirates	100.00	
Mercedes-Benz Consulting GmbH	Leinfelden-Echterdingen, Germany	100.00	
Mercedes-Benz Digital Tech Ltd.	Shanghai, China	100.00	
Mercedes-Benz Distribution Vietnam Company Limited	Ho Chi Minh City, Vietnam	100.00	
Mercedes-Benz Egypt S.A.E.	New Cairo, Egypt	100.00	
Mercedes-Benz Energy GmbH	Großröhrsdorf, Germany	100.00	
Mercedes-Benz Financial Services UK (Trustees) Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz G GmbH	Raaba, Austria	100.00	
Mercedes-Benz Gastronomie GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Group Services Poland Sp. z o.o.	Krakow, Poland	100.00	
Mercedes-Benz Heritage GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz High Power Charging Japan G.K.	Chiba, Japan	100.00	
Mercedes-Benz High Power Charging Overseas GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz HPC Canada ULC	Vancouver, Canada	100.00	
Mercedes-Benz Hungária Kft.	Budapest, Hungary	100.00	
Mercedes-Benz IDC Europe S.A.S.U.	Valbonne, France	100.00	
Mercedes-Benz Intellectual Property Management GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Logistics and Distribution Egypt L.L.C.	New Cairo, Egypt	100.00	
Mercedes-Benz Manufacturing and Import Egypt L.L.C.	New Cairo, Egypt	100.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Mercedes-Benz Pensionsfonds AG	Stuttgart, Germany	100.00	6
Mercedes-Benz Purchasing Coordination Corporation	Wilmington, USA	100.00	
Mercedes-Benz Research & Development Tel Aviv Ltd.	Tel Aviv, Israel	100.00	
Mercedes-Benz Second Life Solutions LLC	Wilmington, USA	100.00	
Mercedes-Benz Slovakia s.r.o.	Bratislava, Slovakia	100.00	
Mercedes-Benz Tech Motion GmbH	Böblingen, Germany	100.00	
Mercedes-Benz UK Share Trustee Ltd.	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz UK Trustees Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Unterstützungskasse GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Venezuela S.A.	Valencia, Venezuela	100.00	4
Mercedes-Benz.io GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz.io Portugal Unipessoal Lda.	Lisbon, Portugal	100.00	
Montajes y Estampaciones Metálicas, S.L.	Esparreguera, Spain	51.00	
NAG Nationale Automobil-Gesellschaft Aktiengesellschaft	Stuttgart, Germany	100.00	
Porcher & Meffert Grundstücksgesellschaft mbH & Co. Stuttgart OHG	Schönefeld, Germany	100.00	7
PT Mercedes-Benz Consulting Services Indonesia	Bogor, Indonesia	100.00	
Star Transmission SRL	Cugir, Romania	100.00	
STARKOM, proizvodnja in trgovina d.o.o.	Maribor, Slovenia	100.00	
III. Joint operations accounted for using proportionate consolidation			
Cooperation Manufacturing Plant Aguascalientes, S.A.P.I de C.V.	Aguascalientes, Mexico	54.01	
IV. Joint ventures accounted for using the equity method			
Automotive Cells Company SE	Bruges, France	30.58	
Beijing Ionchi New Energy Technology Ltd.	Beijing, China	50.00	
Enbase Power GmbH	Munich, Germany	25.10	
Fujian Benz Automotive Co., Ltd.	Fuzhou, China	50.00	
MB Service Japan Co., Ltd.	Hitachi, Japan	33.40	
SMART MOBILITY PTE. LTD.	Singapore, Singapore	43.46	
StarRides Technology Co., Ltd.	Hangzhou, China	50.00	
YOUR NOW Holding GmbH	Munich, Germany	50.00	

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
V. Associated companies accounted for using the equity method			
BAIC Motor Corporation Ltd.	Beijing, China	9.55	
Beijing Benz Automotive Co., Ltd.	Beijing, China	49.00	
Blacklane GmbH	Berlin, Germany	28.46	
Bolt Technology OÜ	Tallinn, Estonia	7.41	
Daimler Truck Holding AG	Leinfelden-Echterdingen, Germany	31.59	
IONITY Holding GmbH & Co. KG	Munich, Germany	15.12	
Ionna LLC	Durham, USA	14.29	
LSH Auto Holdings Limited	Hong Kong, China	15.00	
LSH Auto International Limited	Hong Kong, China	15.00	
Mercedes-Benz Grand Prix Ltd.	Brackley, United Kingdom	33.33	
There Holding B.V.	Rijswijk, Netherlands	30.59	
VI. Joint operations, joint ventures, associated companies accounted for at (amortized) cost and substantial other investments recognized at fair value[2]			
ASOCIACIÓN VASCA PARA EL DESARROLLO DE TECNOLOGÍAS DE FABRICACIÓN AVANZADA EN AUTOMOCIÓN	Vitoria, Spain	0.00	
Aston Martin Lagonda Global Holdings Plc	Gaydon, United Kingdom	8.15	
BDF IP Holdings Ltd.	Burnaby, Canada	33.00	
Beijing Mercedes-Benz Sales Service Co., Ltd.	Beijing, China	51.00	
BTV technologies GmbH	Unna, Germany	40.00	
ChargePoint Holdings Inc.	Campbell, USA	2.40	
Daimler Buses Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	10.12	7
Earlybird DWES Fund VI GmbH & Co. KG	Munich, Germany	6.45	
Esslinger Wohnungsbau GmbH	Esslingen am Neckar, Germany	26.57	
European Center for Information and Communication Technologies – EICT GmbH	Berlin, Germany	33.33	
Factorial Inc.	Woodbury, USA	9.44	
Gamma 1 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	10.10	7
Gamma 2 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	10.10	7
Gamma 3 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	10.10	7
Gamma 4 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	10.10	7
Grundstücksgesellschaft Schlossplatz 1 mbH & Co. KG	Berlin, Germany	18.37	7
hap2U SAS	Pontcharra, France	34.59	4
Momenta Global Limited	Grand Cayman, Cayman Islands	6.97	
Ondine Tech Fund 1 L.P.	George Town, Cayman Islands	43.23	
PDB – Partnership for Dummy Technology and Biomechanics GbR	Ingolstadt, Germany	20.00	7

Name of the company	Domicile, country/region	Equity interest in percent[1]	Footnote
Power Supply Systems GmbH	Stuttgart, Germany	24.90	
Sila Nanotechnologies Inc.	Dover, USA	6.57	
SK Gaming Beteiligungs GmbH	Cologne, Germany	24.17	
smart-BRABUS GmbH i.L.	Bottrop, Germany	50.00	4
STARCAM s.r.o.	Most, Czech Republic	51.00	
The Mobility House AG	Zurich, Switzerland	11.53	
VfB Stuttgart 1893 AG	Stuttgart, Germany	10.41	
Volocopter GmbH	Bruchsal, Germany	5.84	

1 Shareholding pursuant to Section 16 of the German Stock Corporation Act (AktG).
2 For the accounting of unconsolidated subsidiaries, joint operations, joint ventures and associated companies, we refer to Note 1.
3 Control due to economic circumstances.
4 In liquidation.
5 Qualification for exemption pursuant to Section 264 Subsection 3 and Section 264b of the German Commercial Code (HGB).
6 Control over the investment of the assets. No consolidation of the assets due to the contractual situation.
7 Mercedes-Benz Group AG or one or several consolidated subsidiaries is/are the partner(s) with unlimited liability.

The Board of Management

Stuttgart, 11 March 2025

Ola Källenius

Dr Jörg Burzer

Mathias Geisen

Renata Jungo Brüngger

Sabine Kohleisen

Markus Schäfer

Britta Seeger

Oliver Thöne

Hubertus Troska

Harald Wilhelm


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Responsibility Statement of the Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the profitability, liquidity and capital resources, and financial position of the Group, and the Group management report, which has been combined with the management report for Mercedes-Benz Group AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Stuttgart, 11 March 2025

Ola Källenius

Dr Jörg Burzer

Mathias Geisen

Renata Jungo Brüngger

Sabine Kohleisen

Markus Schäfer

Britta Seeger

Oliver Thöne

Hubertus Troska

Harald Wilhelm

Independent Auditor's Report

To Mercedes-Benz Group AG, Stuttgart

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions
We have audited the consolidated financial statements of Mercedes-Benz Group AG, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income/loss, the consolidated statement of income/loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Mercedes-Benz Group AG, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS Accounting Standards") as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2024, and of its financial performance for the financial year from January 1 to December 31, 2024, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions
We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are

independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Impairment risk in relation to operating leases

❷ Loss allowances on receivables from financial services

❸ Measurement of the provisions for product warranties

❹ Accounting treatment of legal proceedings connected with diesel emission behaviour

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ Impairment risk in relation to operating leases

① As at the end of the reporting period, the operating leases reported under the "Equipment on operating leases" item in the statement of financial position totaled EUR 45,220 million (approximately 17.1% of total assets). These include Mercedes-Benz cars purchased by non-Group dealers that are leased to end customers through the Mercedes-Benz Group under operating leases. These leased assets are measured at cost and depreciated on a straight-line basis to their expected residual values over the term of the lease. A key estimated value for subsequent measurement is the expected residual value of the leased assets. The Mercedes-Benz Group calculates residual values using internally available data on historical values, current market data and data from external market research institutes. The estimates of residual value also include regulatory changes in the individual markets and changes in customer behaviour, including due to climate policy considerations. The estimation of future residual values is subject to judgment due to the large number of assumptions to be made by the Board of Management and the amount of data incorporated in the determination.

Against this background and due to the resulting significant uncertainties with regard to estimates in the context of measuring the residual values of the leased products, this matter was of particular significance in the context of our audit.

② Our audit included inquiries and inspections of documentation pertaining to internal calculation methods to obtain an understanding of the development of operating leases, the underlying residual value risks as well as the business processes for the identification, management, monitoring and measurement of residual value risks. We furthermore reviewed the appropriateness of the internal control system, in particular in relation to the calculation of expected residual values. In addition, we evaluated the appropriateness of the methods, the model assumptions as well as the parameters used to measure the residual values based on the validation carried out by the Mercedes-Benz Group. For this purpose, we consulted the Mercedes-Benz Group's experts responsible for managing and monitoring residual value risks, and inspected the internal analysis on residual value developments and the validation results. We compared the residual values determined using these methods with data from external market research institutions, and compared past results with actual developments in residual values. We ensured the mathematical accuracy of the residual values by verifying key calculation steps. The methods and processes for determining the expected residual values of externally acquired leased assets underlying the valuation are appropriate according to our opinion and the assumptions and parameters incorporated in the procedure to calculate residual values are appropriate as a whole.

③ The Company's disclosures relating to accounting policies, assumptions, judgments and estimates applied are contained in sections "1. Material accounting policies", "2. Accounting estimates and management judgments" and "13. Equipment on operating leases" of the notes to the financial statements.

❷ Loss allowances on receivables from financial services

① Receivables from financial services totaling EUR 87,867 million (33.2% of total assets) are reported in the Company's consolidated financial statements. These primarily comprise receivables from sales financing with customers and dealers and receivables from finance leases. Loss allowances amounting to EUR 1,105 million were recognized for these receivables as at the December 31, 2024 reporting date.

The loss allowances are measured in a three-stage procedure and are determined in particular by the structure and quality of the receivables, expectations as to future macroeconomic developments in the context of scenario analyses, and the Board of Management's estimates of future defaults. Historical probabilities of default and loss rates, the outstanding amount of the receivables and recoveries still expected are taken into account, as is any existing collateral.

The amounts of the loss allowances on receivables are highly significant for the assets, liabilities and financial performance of the Company and they involve considerable judgment on the part of the Board of Management, in particular due to the measurement inputs which are subject to material uncertainties. Against this background, this matter was of particular significance in the context of our audit.

② As part of our audit, we first of all assessed the design of the Company's relevant internal control system and on that basis tested whether the controls functioned effectively. In doing so, we considered the business organization, the IT systems and the relevant measurement models.

A key component of our audit was to assess in particular the appropriateness of the risk classification procedures and the risk provisioning parameters used. We also analyzed the validations of parameters that the Company regularly conducted. To assess the credit risk, we also used targeted sampling of individual cases to verify among other things that the attributes for assignment to the respective risk categories were suitably available and the loss allowances had been calculated using the parameters defined for these risk categories.

On the basis of our audit procedures, we satisfied ourselves overall that the assumptions made by the Board of Management for the purpose of testing the receivables for impairment are appropriate, and that the controls implemented by the Company are appropriate and effective.

③ The Company's disclosures relating to loss allowances on receivables from financial services are contained in section 2 "Accounting estimates and management judgments" to the consolidated financial statements. Further disclosures relating to loss allowances on receivables from financial services can be found in section 1 "Material accounting policies", section 15 "Receivables from financial services" and section 33 "Management of financial risks" to the consolidated financial statements, and in the section entitled "Financial risks and opportunities" in the Group management report.

❸ Measurement of the provisions for product warranties

① The Mercedes-Benz Group grants various types of product warranties that usually guarantee the performance of a product or service for a defined period.

The provisions for product warranties amount to EUR 6,934 million and are reported under the provisions for other risks. They are generally recognized when a vehicle is sold.

The provisions for these product warranties include both expected expenses under statutory and contractual warranty claims and expected expenses for goodwill concessions and product recalls.

Determining the amount of the provisions requires assumptions to be made about the nature and extent of future warranty claims, goodwill concessions and potential recalls per model series. These estimates are based on past experience of potential and actual claims. The estimates also include assumptions about the amount of potential repair costs per vehicle and the effects of potential time or kilometer limits. An estimate is also made of the discount rate. The provisions are regularly modified to reflect new information.

A particular source of material estimate uncertainties in calculating the amount of the provisions is the future claims occurrence.

Against this background, the Board of Management' measurement of the provisions for product warranties was subject to considerable judgment and as such was of particular significance in the context of our audit.

② In order to evaluate the overall appropriateness of calculating the provisions for product warranties, our audit involved gaining an understanding of the processes used to determine the provisions and assessing the relevant methods and assumptions used to measure it. In particular, we have assessed the assumptions regarding expected potential claims and claims experience based on warranty claims and goodwill concessions actually made. We used historical analyses to assess the forecast accuracy for relevant product warranties. In addition, we checked that updated assessments of future repair costs and techniques were taken into material consideration for these relevant product warranties. We used actual sales to evaluate, on a test basis, the underlying numerical data on vehicles. Furthermore, we verified that the term-congruent interest rates were properly derived.

In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the Board of Management is appropriate overall for the purpose of properly measuring the provision for product warranties.

③ The Company's disclosures relating to the accounting policies applied are contained in sections "1. Material accounting policies" and "2. Accounting estimates and management judgments" of the notes to the consolidated financial statements. Further disclosures on the product warranties can be found in section "24. Provisions for other risks" of the notes to the consolidated financial statements and in the section entitled "Company-specific risks and opportunities – Warranty and goodwill cases" in the Group management report.

❹ Accounting treatment of legal proceedings connected with diesel emission behaviour

① Mercedes-Benz Group face a number of court cases, claims and official investigations and orders (legal proceedings) relating to a range of topics. If such legal proceedings are concluded or otherwise settled to the detriment of Mercedes-Benz Group, this may result in a considerable financial burden – for instance due to compensation payments, remediation work, recalls, fines or other cost-intensive actions. These legal proceedings concern in particular lawsuits from consumers and investors and governmental proceedings and orders in connection with diesel emissions.

Mercedes-Benz Group recognize provisions for potential or pending proceedings. The assessment as at the end of the reporting period of whether there is a present obligation as a result of a past event, whether a future outflow of resources is probable and the amount of the obligation can be reliably estimated, and hence whether and in what amount a provision must be recognized, depends to a large extent on estimates made by the Board of Management.

Against this background, the Board of Management' accounting treatment of legal proceedings in connection with diesel emission behaviour is subject to significant judgment, and as such of particular significance in the context of our audit.

② Our audit procedures included assessing the processes put in place by the Company to capture the risks and proceedings, estimate the outcome and present the legal proceedings in the financial statements.

To assess the recognition and measurement of the provisions, we involved our own legal experts and held discussions with the internal legal department, other departments familiar with the issues and the Company's external lawyers to brief us on current developments and the grounds for arriving at the corresponding estimates. In addition, we used a risk-based selection of legal proceedings to assess the underlying official and/or court documents, the opinions from lawyers and the calculation of the provisions recognized. We furthermore interviewed the Company's Board of Management and appraised their assessment of the outcome of the proceedings.

As at the end of the reporting period, external lawyers' assessments of the material proceedings were available that support the risk assessment made by the Board of Management. To the extent an agreement has since been reached or judgments have been handed down in individual matters, we compared the amounts originally estimated with the final obligations, thereby gaining an insight into the quality of the estimates. As a final step, we assessed whether the legal proceedings in question were appropriately presented in the notes to the consolidated financial statements and in the group management report.

Overall, the estimates made by the Board of Management for the accounting treatment of legal proceedings in connection with diesel emission behaviour are appropriate for the correct recognition and measurement of the provisions.

③ The Company's statements on the accounting policies are contained in section "1. Material accounting policies" and "2. Accounting estimates and management judgments". Further disclosures on the legal proceedings can be found in sections "24. Provisions for other risks" and "30. Legal proceedings", and in the section entitled "Legal and tax risks and opportunities – Legal risks" in the group management report.

Other Information

The Board of Management is responsible for the other information. The other information comprises the following non-audited parts (in terms of content) of the group management report:

- The section "Sustainability Statement" of the management report with the group Sustainability Statement, which is subject of a separate assurance engagement to obtain limited and reasonable assurance
- The section "Appropriateness and effectiveness of the internal control and risk management system of the management report"

The other information comprises further

- The statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The Board of Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the Board of Management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Board of Management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Board of Management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Board of Management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of

users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from malicious acts is higher than for one resulting from error, as malicious acts may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by the Board of Management and the reasonableness of estimates made by the Board of Management and related disclosures.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- We plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or subdivisions within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Board of Management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may

reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion
We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file Mercedes-Benz_Group_AG_KA+LB_ESEF-2024-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion
We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW PS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Board of Management and the Supervisory Board for the ESEF Documents

The Board of Management of the Company is responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the Board of Management of the Company is responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 3, 2023. We were engaged by the supervisory board on April 16, 2024. We have been the group auditor of Mercedes-Benz Group AG, Stuttgart, without interruption since the financial year 2024.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the Company Register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Thomas Tandetzki.

Stuttgart, March 11, 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dietmar Prümm
Wirtschaftsprüfer
[German Public Auditor]

Thomas Tandetzki
Wirtschaftsprüfer
[German Public Auditor]

Assurance Report of the Independent German Public Auditor

on an Assurance Engagement to obtain Limited and Reasonable Assurance in relation to the Group Sustainability Statement

To Mercedes-Benz Group AG, Stuttgart

Assurance Conclusions

We have conducted a limited assurance engagement on the group sustainability statement of Mercedes-Benz Group AG, Stuttgart, (hereinafter the "Company") taking into account, as set forth in the subsequent paragraph, the reasonable assurance engagement on the disclosures marked with * in the group sustainability statement included in section "Sustainability Statement" of the group management report, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024 (hereinafter the "Group Sustainability Statement"). The Group Sustainability Statement has been prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as §§ [Articles] 289b to 289e HGB [Handelsgesetzbuch: German Commercial Code] and §§ 315b to 315c HGB to prepare a combined non-financial statement.

Based on the particular engagement, we have conducted a reasonable assurance engagement on the disclosures

- Total number of employees
- Gender distribution at top management level (level 1-3) (absolute)
- Mercedes-Benz CO_2 emissions on average passenger cars and light commercial vehicles in Europe (in g/km) – company-specific
- Mercedes-Benz greenhouse gas figures passenger cars, light-duty trucks and medium-duty vehicles in the US (in g CO_2/mi) – company-specific
- Mercedes-Benz fleet consumption passenger cars (imported) in China (in l/100 km) – company-specific

marked with * (together hereinafter the "Disclosures marked with *") in the Group Sustainability Statement. A reasonable assurance engagement on these disclosures fulfils the requirements for a limited assurance engagement and, in accordance with Recital 60 to the CSRD, thereby complies with the requirements of the CSRD relating to assurance of the Group Sustainability Statement. Based on the procedures performed and the evidence obtained as part of our limited assurance engagement, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Statement, taking into account the Disclosures in the Group Sustainability Statement marked with * and subject to a reasonable assurance engagement, is not prepared, in all material respects, in accordance with the requirements of the CSRD and

Article 8 of Regulation (EU) 2020/852, § 315c in conjunction with §§ 289c to 289e HGB to prepare a combined non-financial statement as well as with the supplementary criteria presented by the Board of Management of the Company. This assurance conclusion includes that no matters have come to our attention that cause us to believe:

- that the accompanying Group Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information to be included in the Group Sustainability Statement (hereinafter the "materiality assessment") is not, in all material respects, in accordance with the description set out in section "Identification of material impacts, risks and opportunities" of the Group Sustainability Statement, or
- that the disclosures set out in section "EU Taxonomy" of the Group Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

In our opinion, on the basis of our reasonable assurance engagement, the Disclosures marked with * in the Group Sustainability Statement were prepared, in all material respects, in accordance with the requirements applicable to these disclosures and the supplementary criteria presented by the Board of Management of the Company.

Basis for the Assurance Conclusions
We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the "German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement" section.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

Responsibility of the Board of Management and the Supervisory Board for the Group Sustainability Statement
The Board of Management are responsible for the preparation of the Group Sustainability Statement in accordance with the requirements of the CSRD and the relevant German legal and other European regulations as well as with the supplementary criteria presented by the Board of Management of the Company. They are also responsible for the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Group Sustainability Statement in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Group Sustainability Statement) or error.

This responsibility of the Board of Management includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the Group Sustainability Statement.

Inherent Limitations in the Preparation of the Group Sustainability Statement

The CSRD and the relevant German statutory and other European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the Board of Management has disclosed their interpretations of such wording and terms in section “General Information” of the Group Sustainability Statement. The Board of Management is responsible for the defensibility of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Group Sustainability Statement.

German Public Auditor’s Responsibilities for the Assurance Engagement on the Group Sustainability Statement

Our objectives are

a) to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Statement, taking into account the Disclosures in the Group Sustainability Statement marked with * and subject to a reasonable assurance engagement, has not been prepared, in all material respects, in accordance with the CSRD and the relevant German legal and other European regulations as well as with the supplementary criteria presented by the Board of Management of the Company, and to issue an assurance report that includes our assurance conclusion on the Group Sustainability Statement, taking into account the Disclosures in the Group Sustainability Statement marked with * and subject to a reasonable assurance engagement.

b) to express a reasonable assurance opinion, based on the assurance engagement we have conducted on whether the Disclosures marked with * in the Group Sustainability Statement are prepared, in all material respects, in accordance with the requirements applicable to these disclosures and the supplementary criteria presented by the Board of Management of the Company.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

a) for the limited assurance engagement
   - obtain an understanding of the process to prepare the Group Sustainability Statement, including the materiality assessment process carried out by the Company to identify the information to be included in the Group Sustainability Statement.
   - identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls. In addition, the risk of not detecting a material misstatement within value chain information from sources not under the control of the company (value chain information) is generally higher than the risk of not detecting a material misstatement of value chain information from sources under the control of the company, as both the Board of Management of the Company and we, as assurance practitioners, are ordinarily

subject to limitations on direct access to the sources of value chain information.

- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

b) for the reasonable assurance engagement

- perform risk assessment procedures, including obtaining an understanding of the internal controls that are relevant to the assurance engagement on the Disclosures marked with * in the Group Sustainability Statement in order to identify and assess the risks of material misstatement at the assertion level due to fraud or error, but not for the purpose of expressing an assurance opinion on the effectiveness of these internal controls of the Company. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources in the value chain not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's Board of Management and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- evaluate the appropriate derivation of the forward-looking information from the significant assumptions and the appropriateness of these assumptions. We do not express a separate assurance opinion either on the forward-looking information nor on the assumptions on which they are based. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

a) In conducting our limited assurance engagement, we have, amongst other things:

- evaluated the suitability of the criteria as a whole presented by the Board of Management in the Group Sustainability Statement.inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Statement about the preparation process, including the materiality assessment process carried out by the company to identify the information to be included in the Group Sustainability Statement, and about the internal controls relating to this process.
- evaluated the reporting policies used by the Board of Management to prepare the Group Sustainability Statement.
- evaluated the reasonableness of the estimates and the related disclosures provided by the Board of Management. If, in accordance with the ESRS, the Board of Management estimates the value chain information to be reported for a case in which the Board of Management is unable to obtain the information from the value chain despite making reasonable efforts, our assur-

ance engagement is limited to evaluating whether the Board of Management has undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the Board of Management has been unable to obtain.

- performed analytical procedures and made inquiries in relation to selected information in the Group Sustainability Statement.
- performed site visits.
- considered the presentation of the information in the Group Sustainability Statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Group Sustainability Statement.

b) In conducting our reasonable assurance engagement, we have performed the assurance procedures listed under a) to a greater extent and, amongst other things:

- evaluated the preparation process and the internal controls relating to this process.
- tested the operating effectiveness of selected internal controls.
- performed test of details on selected disclosures in the Group Sustainability Statement on a sample basis.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Stuttgart, March 11, 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dietmar Prümm
Wirtschaftsprüfer
[German Public Auditor]

Thomas Tandetzki
Wirtschaftsprüfer
[German Public Auditor]

Key Figures

Financial Key Figures for the Mercedes-Benz Group

In millions of euros	**2024**	2023 (adjusted)	24/23 % change
Revenue[1]	**145,594**	152,390	-4
EBIT	**13,599**	19,660	-31
Adjusted EBIT	**13,713**	20,004	-31
Net profit	**10,409**	14,531	-28
Earnings per share (in euros)[2]	**10.19**	13.46	-24
Dividend per share (in euros)	**4.30**	5.30	-19
Free cash flow of the industrial business	**9,152**	11,316	-19
Adjusted free cash flow of the industrial business	**9,421**	11,720	-20
Net liquidity of the industrial business (31 December)	**31,417**	31,069	+1
Investments in property, plant and equipment	**4,039**	3,745	+8
Research and development expenditure	**9,717**	9,996	-3

1 The prior-year figures have been corrected in accordance with IAS 8. Further information can be found in Note 3.
2 Based on net profit attributable to shareholders of Mercedes-Benz Group AG.

Financial Key Figures for the Segments

		Mercedes-Benz Cars			Mercedes-Benz Vans	
	2024	2023	24/23	**2024**	2023	24/23
In millions of euros			% change			% change
Revenue	**107,761**	112,756	-4	19,320	20,288	-5
EBIT	**8,460**	14,224	-41	2,932	3,138	-7
Adjusted EBIT	**8,677**	14,252	-39	2,825	3,063	-8
Return on sales (in %)	**7.9**	**12.6**	.	**15.2**	**15.5**	.
Adjusted return on sales (in %)	**8.1**	**12.6**	.	**14.6**	**15.1**	.
CFBIT	**8,963**	**12,336**	-27	**2,705**	**2,817**	-4
Adjusted CFBIT	**9,095**	**12,535**	-27	**2,838**	**3,018**	-6
Adjusted cash conversion rate[1]	**104.8**	**88.0**	.	**100.5**	**98.5**	.
Investments in property, plant and equipment	**3,392**	**3,345**	+1	**571**	**351**	+63
Research and development expenditure	**8,744**	**9,099**	-4	**1,012**	**873**	+16
thereof capitalized development costs	**3,557**	**3,417**	4	**580**	**349**	+66

	Mercedes-Benz Mobility		
Revenue[2]	**25,083**	**25,571**	-2
EBIT	**1,134**	**1,302**	-13
Adjusted EBIT	**1,134**	**1,695**	-33
Return on equity (in %)	**8.7**	**9.5**	.
Adjusted return on equity (in %)	**8.7**	**12.3**	.
New business	**59,486**	**62,014**	-4
Contract volume (31 December)	**138,095**	**135,027**	+2

1 The adjusted cash conversion rate is the ratio of adjusted CFBIT to adjusted EBIT.
2 The prior-year figures for Mercedes-Benz Mobility have been corrected in accordance with IAS 8. Further information can be found in Note 3.

Non-Financial Key Figures

	2024
Environmental information	
Mercedes-Benz Cars unit sales	1,983,403
Share of electrified vehicles, Mercedes-Benz Cars (in %)	18.5
Share of all-electric vehicles, Mercedes-Benz Cars (in %)	9.3
Mercedes-Benz Vans unit sales	405,610
Share of electrified vehicles, Mercedes-Benz Vans (in %)[1]	4.8
CO_2 emissions of the new passenger car fleet (category M1) in Europe (in g/km)[2, 3]	103
CO_2 emissions of the new passenger car fleet in the United States (in g CO_2/mi)[3]	180
Fuel consumption of the new car fleet in China (in l/100km)[3, 4]	8.4
CO_2 emissions of the new light commercial vehicle fleet (category N1) in Europe (in g/km)[3]	204
CO_2 emissions of the new light-duty truck fleet in the United States (in g CO_2/mi)[3]	265
CO_2 emissions in production – market-based (Scope 1 and Scope 2) (in 1,000 t)[5]	423
Energy consumption in production per vehicle Mercedes-Benz Cars (in MWh/vehicle)	2.7
Energy consumption in production per vehicle Mercedes-Benz Vans (in MWh/vehicle)	2.3
Waste volume in production per vehicle Mercedes-Benz Cars (in kg/vehicle)	367
Waste volume in production per vehicle Mercedes-Benz Vans (in kg/vehicle)	89
Water consumption in production per vehicle Mercedes-Benz Cars (in m^3/vehicle)[6]	3.8
Water consumption in production per vehicle Mercedes-Benz Vans (in m^3/vehicle)[6]	3.6
Social information	
Own workforce	
Employees Mercedes-Benz Group[7]	175,264
Share of women in management positions, Mercedes-Benz Group Level 1 – Level 3 (in %)	26.4
Workers in the value chain (human rights)	
Review of critical raw materials (in %)[8]	65

1 This figure refers exclusively to all-electric vehicles.
2 Taking into account the vehicles of the joint venture smart Automobile Co., Ltd. in the Mercedes-Benz CO_2 pool.
3 Internal values.
4 Value with off-cycle technologies.
5 For the market-based accounting approach, the Mercedes-Benz Group collects the CO_2 emission factors of the local electricity and district heating tariffs or electricity and district heating suppliers at its locations worldwide.
6 Calculated according to the Mercedes-Benz calculation method.
7 Active workforce including holiday workers excluding thesis writers, interns, working students, PhD students, senior experts and trainees as of 31 December 2024.
8 The Mercedes-Benz Group has prioritized 24 high-risk materials that have been reviewed in a raw material assessment. The key figure shows the overall progress of the evaluation process across all 24 raw materials.

Further key figures are available in the "Environmental information", "Social information" and "Governance information" sections in the "Sustainability Statement" chapter.

Further Information

Further information about the **Mercedes-Benz Group-share** can be found at

group.mercedes-benz.com/investors

The Mercedes-Benz Group AG Annual and Interim Reports and company financial statements are also available there. In addition, you can find the latest news, the financial calendar, presentations, various overviews of key figures, information on the share price and additional services.

The reports are published in German and English. The German version is binding.

For sustainability reasons, the Annual and Interim Reports are not printed in hard copy. All Annual and Interim Reports are made available online for download in PDF format.

group.mercedes-benz.com/investors/reports-news

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Forward-looking statements
This document contains forward-looking statements that reflect our current views about future events. The words “anticipate”, “assume”, “believe”, “estimate”, “expect”, “intend”, “may”, “can”, “could”, “plan”, “project”, “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a negative change in market conditions in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates, customs and foreign trade provisions; changes in laws, regulations and government policies (or changes in their interpretation), particularly those relating to vehicle emissions, fuel economy and safety or to the communication regarding sustainability topics (environmental, social or governance topics); price increases for fuel, raw materials or energy; disruption of production due to shortages of materials or energy, labour strikes or supplier insolvencies; a shift in consumer preferences towards smaller, lower-margin vehicles; a limited demand for all-electric vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; the resolution of pending governmental investigations or of investigations requested by governments and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which are described under the heading “Risk and Opportunity Report” in this Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our for- ward-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.

Statements regarding consumption values
Stated consumption values were determined in accordance with the prescribed WLTP (Worldwide harmonised Light vehicles Test Procedure) measurement procedure.

Mercedes-Benz Group AG, Mercedesstraße 120, 70372 Stuttgart, Germany