

# Responsible Sourcing Standards

Version 02/2025



# Contents

|  |           |
|--|-----------|
| <b>I. Preamble</b> .....   | <b>3</b>  |
| <b>II. Social and Environmental Responsibility</b> .....   | <b>5</b>  |
| 1. Human Rights and Environmental Due Diligence.....   | 5         |
| 2. Protecting Human Rights.....  | 5         |
| 3. Environmental and Climate Protection .....  | 9         |
| 4. Cooperation and Participation.....  | 12        |
| <b>III. Responsible Conduct</b> .....  | <b>15</b> |
| 1. Compliance with Laws.....   | 15        |
| 2. Corruption and Bribery .....  | 15        |
| 3. Financial Disclosure and Money Laundering .....   | 15        |
| 4. Fair Competition.....   | 16        |
| 5. Conflicts of Interest.....  | 16        |
| 6. Data Protection and Data Security .....   | 16        |
| 7. Artificial Intelligence .....   | 16        |
| 8. Protection of Intellectual Property .....   | 17        |
| 9. Sanctions and Export Controls.....  | 17        |
| 10. Animal Welfare .....   | 17        |
| <b>IV. Reporting Mechanism</b> .....   | <b>18</b> |
| <b>V. Other Provisions</b> .....   | <b>19</b> |
| 1. Definitions .....   | 19        |
| 2. Audits.....   | 20        |
| 3. Breach of Contract.....   | 20        |
| 4. Rejection of Non-Compliant Contractual Products and Supplies .....  | 21        |
| 5. Temporary Suspension and Termination of Business Relationships due to Adverse Human Rights and Environmental Impacts..... | 21        |
| <b>References</b> .....  | <b>22</b> |

# I. Preamble

These Responsible Sourcing Standards are derived from the requirements for human rights, environmental protection and business ethics as applied by the Mercedes-Benz Group AG (hereinafter 'the Mercedes-Benz Group') and its (as per Section 15 of the German Stock Corporation Act (AktG)) affiliated companies in the Passenger Car/Van business unit, in their own business activities and as specified for suppliers (hereinafter 'Partner'/'Partners').

The benchmark is provided by our Integrity Code, our Principles of Social Responsibility and Human Rights, and our Corporate Policy on Environmental and Energy Management, including our ambitions to achieve carbon neutrality.

The Mercedes-Benz Group believes the essence of responsible corporate governance is respecting human rights as set down in the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights and the fundamental conventions of the International Labour Organisation (ILO). Our environmental protection requirements are aimed at conserving natural resources, preventing environmental damage resulting from economic activity, rectifying any such damage that may occur, and offsetting any damage that cannot be prevented or rectified. These requirements cover a wide range of issues, for example avoiding air, soil and water pollution, harmful noise and odour emissions, preserving water resources and natural soil quality and forests, promoting renewable and clean energy sources, and safely managing hazardous substances and dangerous waste. We expect Partners to take a systematic and holistic approach to environmental protection.

Partners are to incorporate responsible business practices into their strategies and management systems, to systematically assess the environmental impacts of sourcing, designing and manufacturing parts, production materials and products, and to set targets and goals that are factored into business decisions.

The key expectations of the Mercedes-Benz Group when working with business partners are set out in the Business Partner Standards. These Responsible Sourcing Standards specify the expectations we have of our Partners.

The Mercedes-Benz Group expects its Partners to comply with all applicable national and international laws and regulations. The Partner is to ensure that they meet the Mercedes-Benz Group's requirements regarding human rights, environmental protection and responsible business conduct, as set out in these Responsible Sourcing Standards (hereinafter also referred to as 'RSS').

These RSS apply globally, are addressed to all Mercedes-Benz Group Partners and are an integral part of individual supply contracts.

As a global company, the Mercedes-Benz Group is subject to a wide range of national and international laws. Some of these regulations oblige the Mercedes-Benz Group to observe human rights and environmental due diligence (see references). To fulfil its legal obligations, the Mercedes-Benz Group relies on a cooperative relationship with its business partners.

A Partner is not required to comply with a provision of these RSS when and only mandatory applicable law on the Partner prohibits the fulfilment of a requirement or obligation set down in this document, and such a violation of the law would also result in (criminal or administrative) sanctions, penalties or other liability for the Partner under the mandatory applicable law.

If an individual provision of these RSS does not correspond either literally or in spirit to the specific case due to the special business model of the Partner on which the business relationship between the Mercedes-Benz Group and the Partner is based, the provision will then not apply.

Detailed provisions and specific awarding conditions are possible in further contractual provisions.



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# II. Social and Environmental Responsibility

## 1. Human Rights and Environmental Due Diligence

(1) The Mercedes-Benz Group and the Partner commit to working together in a trusting manner to establish, implement and maintain a process for Human Rights and Environmental Due Diligence (HREDD) appropriate to their size and circumstances, to identify, prevent, mitigate, end or, when necessary, remedy potential and actual adverse impacts on human rights and the environment in their own business activities and supply chains.

(2) If the Partner is not statutorily required to establish, implement and maintain an HREDD process, the Partner undertakes to actively support the Mercedes-Benz Group in effectively complying with its statutory obligations; section II.4 of the RSS applies accordingly.

## 2. Protecting Human Rights

### 2.1 Protecting Children from Economic and Social Exploitation

The Partner undertakes to respect the rights of children and to safeguard their dignity. The Partner is to protect children from economic and social exploitation and take effective measures against child labour. No harm must come to the health and development of children.

The Partner undertakes to take a zero-tolerance approach to child labour within its own operations and among its direct partners. Furthermore the partner must comply with at least the ILO Convention No. 138 on the minimum age for admission to employment and the Convention No. 182 on prohibiting the worst forms of child labour and immediate measures to eliminate them.

The Partner is to ensure that minors are not employed in work that involves hazards, hinders education or could be harmful to health or physical, mental, spiritual, moral or social development.

### 2.2 Ban on Forced Labour and Slavery

The Partner undertakes to prohibit forced labour in all its forms, in particular human trafficking, debt bondage, serfdom, other slave-like practices and other forms of domination or oppression at work, as well as all forms of modern slavery.

The Partner is to take effective measures to prevent forced or compulsory labour and slavery and is to ensure that its employment practices comply with the laws that the Partner is subject to and which are at least aligned with the ILO Convention No. 29 (including the protocol to the forced labour convention) on forced or compulsory labour and the ILO Convention No. 105 on the abolition of forced labour.

Importantly, all work and services are to be provided voluntarily by all employees, including contract workers. Any threat of punishment towards employees or persons close to them is prohibited. It is also prohibited to withhold identity documents, wages or other means of coercion or deprivation of liberty in order to compel individuals to work.

### 2.3 Freedom of Association and Right to Collective Bargaining

The Partner is to ensure that it respects the freedom of association of its employees in accordance with ILO Convention No. 87 on freedom of association and protection of the right to organise and ILO Convention No. 98 on applying principles on the right to organise and to bargain collectively. The Partner is also to acknowledge the right to collective bargaining without unwarranted discrimination or retaliatory measures. The Partner is to respect the rights of employees to associate, join a union, appoint a representative and be elected to serve in a union capacity.

### 2.4 Non-Discrimination and Equal Opportunities

The Partner undertakes to avoid any form of discrimination or unjustified unequal treatment, for example on the grounds of age, disability, gender, gender identity and gender expression, health status, national and ethnic origin, political opinion, political, social or trade union activity, religion and belief, sexual orientation or social background. Unequal treatment also includes paying unequal remuneration for work of equal value.

The Partner is to ensure that its employment practices are at least aligned with ILO Convention No. 100 on equal remuneration for male and female workers for work of equal value, ILO Convention No. 111 on discrimination in respect of employment and occupation, and ILO Convention No. 190 on the elimination of violence and harassment in the workplace.

The Partner is to take effective measures to avoid discrimination or unwarranted unequal treatment. Measures must also be taken to immediately stop specific incidents of discrimination and to protect those affected.

The Partner is to ensure that all relevant issues of non-discrimination and equality are included in its due diligence processes.

### 2.5 Health and Safety at Work

The Partner, as the employer, is to guarantee health and safety at the workplace is protected. This must be done at least to the level of national legislation and the ILO fundamental conventions on labour protection. The Partner is to have an occupational health and safety management system, is to regularly identify hazards, to derive appropriate measures and monitor the development of its accident statistics. These processes and key figures are to be documented in a suitable manner and to be provided for verification on request.

The Partner must keep developing and improving the working conditions of the employees also as a preventive measure. This includes providing a safe workplace, the necessary work equipment and appropriate protective equipment. The Partner must protect its employees from all work-related hazards (e.g. physical, chemical, biological, psychological) and actively promote accident prevention, fire safety and emergency preparedness, as well as occupational health and safety programmes. Employees must receive regular training on hazards and protective measures.

## 2.6 Fair Working Conditions (Remuneration and Working Hours)

The Partner must ensure that remuneration is adequate, i.e. at least equal to the minimum wage set by the applicable laws and regulations and sufficient to enable employees to at least cover their living expenses. The cost of living and social security benefits in the country in question are to be taken into account. Wages must be paid in full for services rendered and may not be wrongfully withheld.

The Partner is to ensure that safe and healthy working conditions prevail and that breaks, an appropriate limitation of working hours and regular paid holidays are guaranteed, in accordance with local legal requirements.

## 2.7 Use of Public and Private Security Personnel

Insofar as the partner employs its own security forces to protect its operations or engages private security service providers, the partner must ensure that they respect human rights.

The Partner is not to hire any private security service providers or to use public security forces who violate human rights.

## 2.8 Protection of Human Rights Defenders and Environmental Activists

The Partner is to refrain from or participating in any kind of intimidation, threat, defamation or criminalisation of human rights defenders and environmental activists.

## 2.9 Protection of Local Communities and Indigenous Peoples

The Partner is to ensure respect for the rights of local communities that may be affected by operations at the Partner's sites and to take into account the local impacts of its business activities. At the very least, the Partner is to comply with the locally applicable laws when there is any impact on or use of land, forests and water.

Furthermore, the Partner is to respect the rights of indigenous peoples as set down in ILO Convention No. 169 on indigenous and tribal peoples in independent countries. Furthermore, any relocating of indigenous peoples, use of resources on indigenous peoples' lands, or disposal of waste on such lands may only take place with the free, prior and informed consent (FPIC) of the indigenous peoples concerned, as described in Art. 10, Art. 29 No. 2 and Art. 32 No. 2 of the United Nations Declaration on the Rights of Indigenous Peoples (Resolution 61/295).

The Partner is to also recognise the inviolable right of self-determination of uncontacted peoples and commit to consistent non-interference in their way of life and cultural integrity. The Partner is to refrain from business activities that could disrupt the autonomous existence of uncontacted peoples by impacting on their ancestral territories.

## 2.10 Responsible sourcing of raw materials, particularly from conflict-affected and high-risk areas (CAHRAs)

The Partner undertakes, in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, not to commit, participate in or contribute to serious human rights abuses such as torture, cruel, inhuman and degrading treatment, including corporal punishment, sexual violence, war crimes, crimes against humanity or genocide, and to avoid activities that could contribute to the financing of conflict, nor to participate in or contribute to such acts, and to avoid activities that could contribute to the financing of conflicts.

Partners that source raw materials originating in or transported through conflict-affected and high-risk areas, and Partners that use such raw materials in their products, must establish effective due diligence processes in the supply chain (see section II.1 of the RSS).

Partners who source tin, tantalum, tungsten and gold (3TG), cobalt or mica, or who use such raw materials in their products, are to ensure that, at the start of production, these raw materials are only procured from refineries, smelters or processors that meet the requirements of the Responsible Minerals Assurance Process (RMAP) of the Responsible Minerals Initiative (RMI) (status 'Active' or 'Conformant') or an equivalent validation programme that is in line with the above-mentioned OECD Due Diligence Guidance. Proof of equivalence is to be provided by the Partner.

As proof of conformity, such Partners are to provide annually, upon request and within a reasonable period of time, a company or product level Conflict Minerals Reporting Template (CMRT), an Extended Minerals Reporting Template (EMRT) or a reporting template provided by the Mercedes-Benz Group.

If the Partner does not comply with the requirements, the Mercedes-Benz Group reserves the right to demand the long-term removal of non-compliant and inactive refiners, smelters or processors from the Partner's supply chain designated for the Mercedes-Benz Group.

Irrespective of the above, the Partner also undertakes to respect and take appropriate account of the rights of employees in artisanal small-scale mining and smallholding. The vulnerability of smallholders and artisanal and small-scale miners is recognised and acknowledged by international organisations, including the ILO, due to potential poverty, market barriers, a lack of legal status, increased risk exposure and potentially precarious working conditions.

## 3. Environmental and Climate Protection

### 3.1 Climate Protection

The Partner must develop appropriate corporate targets for its Scope 1, 2 and 3 emissions and take measures that help achieve the Paris Agreement's goals. The Partner must work towards following the Mercedes-Benz Group's Ambition 2039 project. Partners for sourcing production materials must commit to the material- and component-specific CO<sub>2</sub> targets of the Mercedes-Benz Group. These are agreed and documented between the Partners as part of the contract award process. To reduce CO<sub>2</sub> emissions, the Partner must follow the principle of avoidance, reduction and, only when these are not possible, offsetting and neutralisation. On request, the Partner is to report its product-level carbon footprint for Mercedes-Benz Group products to the Mercedes-Benz Group, calculated in accordance with the specified regulations.

To help achieve the targets, the requirements here must be communicated to the Partner's own supply chain. Progress and specific measures for achieving the targets must be implemented and reported to the Mercedes-Benz Group when requested.

The Partner undertakes to provide complete and correct information on the CO<sub>2</sub> emissions of each of its products and services that are subject to the provisions of Regulation (EU) 2023/956 on establishing a carbon border adjustment mechanism (CBAM). This information is required by the Mercedes-Benz Group to assess environmental pollution and risks and their impact and to report them to the relevant authorities.

The Partner is to ensure that the necessary documentation is submitted immediately when requested.

### 3.2 Conservation of Resources

The Partner is to minimise the consumption of primary resources by using secondary materials/recycled materials and contribute to the conservation of resources by means of a circular economy.

Using secondary materials is to take priority over using primary raw materials. The material-specific secondary material targets of the Mercedes-Benz Group are binding. They are specified in the relevant chapters on the conservation of resources in document LHV 310 00x and are to be agreed and documented between the Partners as part of the awarding process. Compliance with MBN 50183 is mandatory.

Documentation on the share of secondary material/recycled material is to be carried out in the 3D data set (JT-SP/NX) in accordance with MBN 50300. It must be documented in the IMDS at the latest when first sampling takes place.

The Partner is to use natural resources such as water and technical resources such as input raw materials and energy mindfully and economically in procurement and manufacturing. The Partner is to use efficient and innovative solutions for using energy, raw materials and water in its processes.

### 3.3 Biodiversity and Deforestation-Free Supply Chains

The Partner is to comply with Regulation (EU) 2023/1115 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation (EU Deforestation Regulation) and implement the resulting requirements and due diligence obligations insofar as the Partner's business activities fall within the scope of application of the Regulation (see Article 1 EU Deforestation Regulation).

The Partner is also to comply with the EU Deforestation Regulation and implement the resulting requirements and due diligence obligations when supplying Mercedes-Benz Group with relevant products listed in Annex I of the EU Deforestation Regulation or making such products available to Mercedes-Benz Group, regardless of whether its business activities fall within the scope of the Regulation (see Art. 1 of the EU Deforestation Regulation).

Irrespective of the previous two paragraphs, the Partner is also to ensure that its own business activities do not contribute to or benefit from the illegal conversion of natural ecosystems. This also applies to illegal deforestation, meaning the conversion of natural forests, primarily into agricultural land. The Partner must also take appropriate due diligence measures for its supply chain.

The Partner is to ensure that land consumption and impervious surfacing are minimised during the planning activities.

Where there are risks of natural forests or other natural ecosystems being converted in the supply chains of its products, the Partner is to take appropriate due diligence measures to support the long-term protection of these natural ecosystems, including the protection of natural and cultural assets.

### 3.4 Water/Soil Protection and Quality

The Partner is to protect the freshwater resource (i.e. drinking water, ground water, precipitation water and inland waters) by using it efficiently, reducing freshwater consumption and treating any process wastewater that arises before it is discharged directly or indirectly.

The Partner is to assess and continuously improve the quantity, quality, and environmental impact of wastewater discharges to prevent contamination of surface or groundwater and soil degradation. In particular, the Partner is to take appropriate organisational and technical precautions to ensure that its procurement and manufacturing processes do not endanger fresh or salt water. On request, the Partner is to report data on its water extraction, water consumption and wastewater to the Mercedes-Benz Group.

### 3.5 Hazardous Substances

The Partner is to set up appropriate hazardous substances management systems and procedures to ensure the safe handling and storage of hazardous substances so that people and the environment are protected.

The Partner is to implement an appropriate process for continually reducing the use of hazardous substances and other chemicals.

The Partner is to ensure that hazardous substances or other chemicals are only used if no suitable alternative substances or technologies are available on the market (substitution check) and that the substances are used under controlled conditions. The steps taken are to be documented.

### 3.6 Special Requirements for the Product (Components, Spare Parts)

The Partner is to ensure that the provision of correct and complete International Material Data System (IMDS) material data sheets (from 2003) is guaranteed free of charge for all new and modified parts as well as for all substructure parts and/or operating materials identified as spare parts in the spare parts system. Furthermore, the Partner is to ensure that if the declaration requirements for substances are changed or added to, an updated IMDS data sheet is provided without any prompting, including for existing/unchanged parts.

The Partner is to ensure that substances, materials in preparations and materials in parts (components, spare parts, accessories, attachments and packaging) delivered to the Mercedes-Benz Group are only supplied when registration and notification have been carried out in accordance with the Regulation (EC) 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH Regulation). As a precaution, the use of ingredients listed in Annex XIV of the REACH Regulation and of substances of very high concern (SVHC) published in the 'candidate list' in accordance with Article 59 (10) of the REACH Regulation is to be avoided, unless no alternative substances are available on the market for technical and/or economic reasons (substitution check and documentation). The legal requirements associated with using the substances mentioned are to be observed. The current version of DBL 8585 (now: DBL 1010) are to be complied with.

The Partner is to ensure that the requirements are met as set out in Directive 2000/53/EU on end-of-life vehicles (ELV) regarding substance prohibitions and restrictions.

The Partner is to ensure that the requirements of the current version of DBL 8585 (new: DBL 1010) are implemented in its processes.

### 3.7 Waste

The Partner is to set up appropriate waste management systems and procedures to properly classify, collect, store, treat and dispose of any waste generated on site. The Partner is to ensure that no waste is disposed of illegally along the disposal chain. In accordance with the waste hierarchy, the Partner is to prioritise the avoidance of waste. Where avoidance is not possible, waste amounts are to be minimised.

### 3.8 Environmental Management Systems

The Partner must take a systematic approach to protecting the environment. Partners in production materials who have more than 50 employees in the entire company must have a certified environmental management system according to ISO 14001 or provide an EMAS registration certificate. The Mercedes-Benz Group requires, under certain circumstances, mandatory certification for a defined set of key topics. It views this as a minimum requirement and the basis for a mutual business relationship.

The Partner is to regularly review its environmental management system and ensure that opportunities and risks, targets and goals are kept up to date and that the system is operated by skilled employees.

### 3.9 Energy Management Systems and Energy Efficiency

The Partner is to establish a system to minimise energy waste, improve its energy performance and reduce its energy consumption and the partner must report data on energy consumption to the Mercedes-Benz Group upon request.

The Partner is to regularly review its energy management systems and ensure that opportunities and risks, aspirations and targets are kept up to date and that the systems are operated by skilled employees.

## 4. Cooperation and Participation

To ensure that Mercedes-Benz Group is able to fulfil its obligations under applicable local, national and international laws and regulations, Mercedes-Benz Group relies on a trusting relationship with its Partners. For this purpose, the Partner undertakes to comply with the following obligations to cooperate.

### 4.1 Provision of Information; Rights of Use

(1) To the extent reasonably necessary for the Mercedes-Benz Group to effectively fulfil legal obligations and/or the expectations of stakeholders, the Mercedes-Benz Group is entitled to request that the Partner provide and disclose qualitative and quantitative HREDD-relevant information free of charge; in doing so, the legitimate interests of the Partner, its business secrets and confidentiality obligations are to be taken into account.

(2) Accordingly, the Partner is obliged, at the request of the Mercedes-Benz Group, to provide information annually and on an ad hoc basis about its HREDD processes and about potential and actual adverse impacts on human rights and the environment in its own business activities and supply chains. This can be done, for example, by using a self-disclosure questionnaire provided by the Mercedes-Benz Group.

(3) Irrespective of the rights to information, the Mercedes-Benz Group's Partner must provide information, unprompted, about potential and actual serious impacts on human rights and the environment in its own business activities and supply chains. The information is to include (i) the actual circumstances underlying the adverse impact, (ii) the specific human rights and/or environmental concerns affected, and (iii) the remedial action taken or planned. The information is to be sent to [BPO@mercedes-benz.com](mailto:BPO@mercedes-benz.com)

(4) All information provided by the Partner must be truthful and accurate, provided in a digital format and enable the Mercedes-Benz Group to (i) conduct risk analysis, (ii) modify the HREDD processes and measures as needed, and (iii) fulfil reporting requirements under applicable law, i.e. Directive (EU) 2022/2464 and Regulation (EU) 2023/956.

(5) The Mercedes-Benz Group may store and use the information provided by the Partner in accordance with its legal storage and documentation obligations for at least 10 years; in cases where legal or administrative proceedings are pending, the retention period is to be extended until the matter is resolved. For this purpose, the Partner is to grant the Mercedes-Benz Group the non-exclusive right to use its information to the extent necessary for the Mercedes-Benz Group to effectively fulfil its legal obligations and the expectations of stakeholders.

## 4.2 Corrective Action

(1) If the Mercedes-Benz Group believes the Partner is causing or has contributed to an actual adverse human rights or environmental impact that cannot be immediately terminated by the Partner, or if both parties have caused or contributed to the same adverse impact, each party agrees to cooperate in good faith with the other party and relevant stakeholders in jointly developing and implementing a corrective action plan to terminate or minimize the negative impact.

(2) The Mercedes-Benz Group and the Partner are to agree in writing on the corrective action plan in a separate agreement. The corrective action plan must at least include a specific timetable with appropriate deadlines for the implementation of suitable remedial measures. The corrective action plan becomes an integral part of the contractual agreement.

(3) Rights holders and stakeholders who are affected by an actual adverse impact, and/or third parties acting on their behalf, are to be involved in the development and implementation of the corrective action plan and regularly consulted.

(4) If an adverse human rights or environmental impact has occurred or is imminent in the deeper supply chain, the Mercedes-Benz Group and the Partner, upon becoming aware of such an adverse impact, will immediately use their influence to encourage the company causing the adverse impact to prevent, mitigate or rectify the adverse impact.

(5) If the Partner refuses to cooperate or fails to properly implement the corrective action plan, this will constitute a material breach of contract, allowing the Mercedes-Benz Group to assert its rights under section V.3 of these RSS.

## 4.3 Certification of Raw Materials According to Recognised ESG Standards

(1) The Mercedes-Benz Group is entitled to request that the Partner have the raw materials and other materials contained in its deliveries to the Mercedes-Benz Group, as well as their extraction and mining facilities and equipment, tested, audited and certified at his own expense according to recognised Environmental, Social and Governance (ESG) standards.

(2) The audit is to be based – depending on the product to be verified – on recognised external standards such as the Standards for the Aluminium Value Chain from the Aluminium Stewardship Initiative (ASI) for aluminium or the Standard for Responsible Mining and Mineral Processing from the Initiative for Responsible Mining Assurance (IRMA) for mining raw materials.

## 4.4 Participation in Training

(1) The Mercedes-Benz Group can train the Partner and its employees on the human rights and environmental requirements and expectations set out here. The Mercedes-Benz Group can provide training in person or online, or have it provided by agents or an external service provider.

(2) The Partner is obliged to participate in such training courses by prior arrangement. The Mercedes-Benz Group and the Partner will agree jointly on the time, place and type of training.

(3) Irrespective of this and unless otherwise agreed, the Mercedes-Benz Group expects that relevant employees of the Partner take the Mercedes-Benz web-based training 'Compliance Awareness Module' course and, if requested,

confirm their participation in writing. The training is available online at:  
[https://www.compliance-awareness-module.com/index\\_de.php](https://www.compliance-awareness-module.com/index_de.php).

#### **4.5 Human Rights and Environmental Protection along Supply Chains**

The Partner is to make every effort to appropriately address, along its supply chain, the requirements set out concerning human rights and the environment. The Partner is to oblige their suppliers, via suitable contractual provisions, to comply with and pass on these or equivalent standards on human rights and the environment, in its supply chain. The Partner is to retain the contractual provisions so that it can demonstrate compliance with this obligation if requested to do so.

# III. Responsible Conduct

The Partner warrants and assures the following:

## 1. Compliance with Laws

The Partner is to comply with all laws and regulations that apply to it in its own business activities and in its business relationships with partners at local, national and international levels. The Partner must not, directly or indirectly, actively engage in or participate in criminal practices in any country or in any way.

Product quality has a high priority at the Mercedes-Benz Group. In particular, compliance with all product safety requirements and technical regulations is the basis for the Mercedes-Benz Group's cooperation with its Partners. The Partner is to ensure that the delivery items comply with national and international laws and regulations (e.g. guidelines, laws and technical standards) that apply to the respective delivery item in the sales markets.

For product-related delivery items and services/work, the guidelines and requirements for technical compliance in accordance with Mercedes-Benz Special Terms 2025 must also be complied with.

## 2. Corruption and Bribery

The Partner must not act or fail to act in any way that could lead to criminal liability for fraud, embezzlement, insolvency offences, granting of undue advantage, acceptance of undue advantage, bribery, corruption or similar offences on the part of persons employed by the Partner or other third parties. In the event of a violation, the Mercedes-Benz Group may assert its rights under Section V.3 of these RSS.

## 3. Financial Disclosure and Money Laundering

The Partner is to ensure that all financial information, including the necessary taxes, fees and licence fees in connection with business activities, are disclosed in accordance with the applicable national and international regulations and industry expectations. The Partner is also to make all necessary changes that are in line with applicable regulatory developments.

The Partner is to take the steps necessary to identify and eliminate any cases or risks of money laundering arising from its business activities and those of its partners. The Partner is to establish suitable preventive measures for this purpose.

#### 4. Fair Competition

The Partner is to comply with laws that protect and promote fair competition and all applicable antitrust laws. The Partner is to comply with the rules of fair competition and may not enter into any agreements, business practices or activities that would unlawfully restrict competition. The Partner is also to avoid other actions that would adversely affect the free market, such as, but not limited to, unlawful price fixing and market allocation.

#### 5. Conflicts of Interest

When dealing with business partners, the Partner is to make decisions solely on the basis of objective information, without being influenced by personal interests, and is to avoid and mitigate the appearance of conflicts of interest, disclose potential or actual conflicts of interest and respond appropriately to them.

#### 6. Data Protection and Data Security

The Partner is to comply with all applicable laws and regulations on data protection and data security and must handle data responsibly and transparently. The Partner is to take all necessary measures to ensure adequate protection of personal data. This includes data on employees, customers and partners.

The Partner is to ensure the security of information. The Partner is to take all necessary measures in line with state-of-the-art technology to protect confidential information from unauthorised access by third parties and to only use it for the agreed purposes.

#### 7. Artificial Intelligence

An AI system is a machine-based system that can derive how to generate an output, such as content, predictions, recommendations or decisions, from input or data, as well as machine-learned and/or logic- or knowledge-based approaches that derive or contain coded knowledge or symbolic representation, and that is at least minimally independent of human control or intervention. The term 'deriving' excludes the mere execution of explicitly programmed rule-based (non-expert) systems.

Partners who develop or provide an AI system for the Mercedes-Benz Group or use an AI system to fulfil the purpose of the contract must ensure the responsible use and handling, the explainability, the protection of privacy, and the security and reliability of the AI system. They do this by taking an approach that ensures human remain at the centre of development and that both opportunities and risks are given equal consideration.

## 8. Protection of Intellectual Property

The Partner is to comply with all national and international laws on protecting intellectual property. Intellectual property includes registerable property rights (such as patents, trademarks, designs), domains, copyrights and requirements under competition law. The Partner is to also ensure that it has all the necessary rights of use to avoid infringing property rights.

## 9. Sanctions and Export Controls

The Partner is to ensure compliance with all applicable foreign trade and payments law provisions, especially those relating to export controls, sanctions and embargoes. This requires the Partner to take all necessary measures to avoid the risk of violating applicable foreign trade law.

If a supplier or service provider relationship exists or will exist with the Mercedes-Benz Group, the Partner undertakes to provide information relevant to export controls, including details of the classification under export control law (including information regarding US origin or significant US content, which makes the delivery item 'Subject to the EAR').

## 10. Animal Welfare

If the Partner uses materials of animal origin, it is to implement standards and best practices to comply with the following ethical principles:

- The 'Five Freedoms' of the Animal Welfare Committee (AWC) for assessing animal welfare (freedom from hunger, thirst and malnutrition; from discomfort; from pain, injury and disease; from fear and suffering; and freedom to express normal behaviour).
- The principles of the World Organisation for Animal Health (OIE) on animal welfare (Terrestrial Animal Health Code and Aquatic Animal Health Code) and the '3R principle' on animal testing (reduction, refinement, replacement). The aim of the 3R principle is to avoid animal testing altogether (replacement) and to reduce the number of animals (reduction) and their suffering (refinement) in experiments to the absolute minimum.

# IV. Reporting Mechanism

Complainants can report possible violations of these standards to the Mercedes-Benz Group through the BPO – Business & People Protection Office. If the violation described lies within the Partner’s sphere of influence, the Mercedes-Benz Group will ask the Partner to investigate the accusation immediately and, if necessary, to eliminate the associated risks after checking the plausibility of the accusation. The Partner is also obliged make its supply chain aware of the available complaints mechanisms, ensure that the information is passed down the supply chain, and set up an equivalent complaints system for its own supply chain.

The Partner is to take all reasonable efforts to include a similar reporting obligation in contracts with subcontractors, requiring subcontractors to report any suspicions to the Partner.

# V. Other Provisions

## 1. Definitions

**‘Stakeholders’:** Employees of the Mercedes-Benz Group or the Partner, employees of their subsidiaries, trade unions and employee representatives, consumers, and other individuals, groups, communities or institutions whose rights or interests are or may be adversely affected by an adverse human rights or environmental impact

**‘Information’:** Any information requested by the Mercedes-Benz Group to fulfil its legal obligations and that the Partner provides to the Mercedes-Benz Group orally or in writing (e.g. data, documents, scorecards and other records and documentary evidence). The information may include, but is not limited to, the information listed in Article 5 et seq. of Directive 2024/1760/EU, Article 49(2) of Regulation 2023/1542/EU, Article 9 of Regulation 2023/115/EU, Article 35(2) of Regulation 2023/956/EU, which includes in particular the following:

- Information on the measures taken by the Partner to identify, prevent, mitigate, end or remedy adverse human rights and environmental impacts in its business activities and supply chains
- Supply chain information, e.g. name and address of Tier 2 to Tier n suppliers, critical human rights and environmental ‘hotspots’ (e.g. mines, smelters and refineries)
- Product-related information, e.g. name and address of manufacturers, producers or suppliers, product descriptions including trade names and types, country of manufacture, geolocalisation of properties, emission data
- Raw material information, e.g. trading names, types, country of origin, the quantities contained in the product, mines, smelters, refineries

**‘Adverse human rights impact’:** An adverse impact on human rights resulting from a failure to meet the minimum requirements and obligations set out in Section II.2 of this RSS.

**‘Adverse environmental impact’:** An adverse impact on the environment resulting from a failure to meet the minimum requirements and obligations set out in Section II.3 of this RSS.

**‘Adverse impact’:** An adverse impact on human rights or the environment

**‘Human Rights and Environmental Due Diligence’ or ‘HREDD’:** A risk management system that includes human rights and environmental due diligence processes appropriate to a company’s size and circumstances, to identify, prevent, mitigate, end or remedy adverse human rights and environmental impacts.

## 2. Audits

(1) The Mercedes-Benz Group is entitled to audit the Partner for compliance with the Mercedes-Benz Group requirements and obligations set out in this document. The Mercedes-Benz Group may conduct the audit in person, remotely, or through a representative or third-party service provider.

(2) The Partner is to grant the Mercedes-Benz Group and its representatives, after prior agreement, unrestricted and unimpeded access to all information required for the audit, regardless of the location and the means of information storage. This includes the right of the Mercedes-Benz Group and its affiliates to visit and inspect the Partner's premises and assets, to question the Partner's management and staff, and to access the Partner's systems, books and records relating to the subject matter of the audit. The Mercedes-Benz Group and its representatives may record their findings using images, video and audio recordings and notes, and by making copies. When conducting an audit, the Mercedes-Benz Group will consider the legitimate interests of the Partner, its trade secrets and confidentiality obligations.

(3) The Partner is to support the Mercedes-Benz Group and its representatives in performing their tasks, in particular by providing all information and materials without delay and by granting access to the necessary personnel.

## 3. Breach of Contract

If the Partner fails to comply with the requirements or obligations under Section II or if the Partner breaches any of the warranties and representations set forth in Section III, each of which is deemed material and ongoing during the term of the business relationship between the Mercedes-Benz Group and the Partner, the Mercedes-Benz Group has:

- i. The right to declare the forfeiture of all unpaid amounts owed to the Partner and the right to claim repayment of all amounts paid or credited to the Partner that are prohibited under applicable law or the warranties and representations set out in Section III
- ii. The right to suspend payments to the Partner until the Partner has taken appropriate remedial action
- iii. A right of retention of the contractual goods or services of the Partner
- iv. The right to compensation for all damages caused by this breach and to indemnification and hold harmless from all third-party claims, as well as all fines, penalties, sanctions, and expenses imposed on MBAG as a result of or in connection with this breach.
- v. The right to terminate the contract or the business relationship without notice for good

#### **4. Rejection of Non-Compliant Contractual Products and Supplies**

(1) In the event of a serious adverse impact on human rights and the environment that the Partner has caused or contributed to, the Mercedes-Benz Group has the right to reject the contractual goods and deliveries as non-compliant. Goods and supplies are considered non-compliant if they cannot be imported or exported without complaints or if the goods and supplies are associated with a serious adverse impact on human rights and/or the environment, such as forced or child labour.

(2) A rejection of a contractual product or a delivery by the Mercedes-Benz Group due to a serious adverse impact is considered to be in good time if the Mercedes-Benz Group notifies the Partner within a reasonable time after becoming aware of it, and in any case if this is done within one year after delivery of the non-compliant contractual product and deliveries.

#### **5. Temporary Suspension and Termination of Business Relationships due to Adverse Human Rights and Environmental Impacts**

(1) Without prejudice to any other contractually agreed termination rights, the Mercedes-Benz Group may in the event of adverse impacts on human rights and the environment temporarily suspend the business relationship or, as a last resort, terminate it in whole or in part with immediate effect. Termination of the business relationship is required only if:

- i. The adverse impact on human rights and/or the environment is assessed as serious
- ii. Implementation of the corrective measures developed in the corrective action plan has not remedied the situation after the period specified in the corrective action plan
- iii. The Mercedes-Benz Group has no other less severe means at its disposal and an increase in influence is unlikely to be effective

(2) Furthermore, the termination of the business relationship is also warranted if the partner refuses to cooperate or fails to properly implement a corrective action plan.

# References

- International Bill of Human Rights comprised of: Universal Declaration of Human Rights, UN International Covenant on Civil and Political Rights, UN International Covenant on Economic, Social and Cultural Rights
- UN Guiding Principles on Business and Human Rights
- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- OECD Guidelines for Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- OECD/FAO Guidance for Responsible Agricultural Supply Chains
- German National Action Plan (NAP) on Business and Human Rights
- Mercedes-Benz Integrity Code
- Mercedes-Benz Principles of Social Responsibility and Human Rights
- Fundamental Conventions of the International Labour Organisation (ILO):
  - ILO Convention No. 138 on Minimum Age
  - ILO Convention No. 182 on the Worst Forms of Child Labour
  - ILO Convention No. 29 on Forced or Compulsory Labour
  - ILO Convention No. 105 on the Abolition of Forced Labour
  - ILO Convention No. 111 on Discrimination (Employment and Occupation)
  - ILO Convention No. 100 on Equal Remuneration
  - ILO Convention No. 98 on Right to Organise and Collective Bargaining
  - ILO Convention No. 87 on Freedom of Association and the Right to Organise
- Other relevant ILO Conventions:
  - ILO Convention No. 155 on Occupational Safety and Health
  - ILO Convention No. 183 on Maternity Protection
  - ILO Convention No. 169 on Indigenous and Tribal Peoples
  - ILO Convention No. 131 on the Determination of Wages
- ISO 45001 Standard for Occupational Health and Safety
- Voluntary Principles on Security and Human Rights
- Declaration on the Right and Responsibility of Individuals, Groups and Organs of Society to Promote and Protect Universally Recognised Human Rights and Fundamental Freedoms
- Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)
- United Nations Declaration on the Right of Indigenous Peoples
- OHCHR Basic Principles and Guidelines on Development Based Evictions and Displacement
- Paris Climate Agreement
- Mercedes-Benz Ambition 2039
- ISO 14001 Standard for Environmental Management
- ISO 50001 Energy Management
- Extractive Industries Transparency Initiative
- Minamata Convention
- Stockholm Convention (POPs)
- Basel Convention

- [ILO Indigenous and Tribal Peoples Convention No. 169 \(1989\)](#),
- [United Nations Declaration on the Rights of Indigenous Peoples \(Resolution 61/295\)](#),
- [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas \(2016\)](#),
- [Regulation \(EU\) 2017/821 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk area \(2017\)](#),
- (EG) 1907/2006 (REACH-Verordnung)
- 2000/53/EU (ELV)
- DBL 8585
- DBL 1000
- MBN 50183
- MBN 50300

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