



Mercedes-Benz

May 29, 2026

Climate Disclosure Team
California Air Resources Board
1001 I Street
Sacramento, CA 95814
Submitted Electronically to ClimateDisclosure@arb.ca.gov

Re: March 23, 2026 Climate Disclosure Workshop

Dear Climate Disclosure Team,

Mercedes-Benz Research & Development North America, Inc., and Mercedes-Benz USA, LLC, on behalf of the manufacturer of Mercedes-Benz vehicles, Mercedes-Benz Group AG (hereinafter "Mercedes-Benz"), appreciates the California Air Resources Board's (CARB) efforts to solicit input on how to implement the 2026 reporting requirements for Senate Bill (SB) 253, the Climate Corporate Data Accountability Act. We would like to offer input based on questions asked by CARB at its March 23, 2026 workshop.

Mercedes-Benz is guided by our "Ambition 2039", which includes goals for net carbon neutrality¹ by 2039 and offers a complete set of desirable electrified product offerings to meet our customers' needs. Mercedes-Benz continues its push to increase sales of electric vehicles in the U.S. with a portfolio that spans key market segments. Additionally, the Mercedes-Benz High-Power Charging network supports Mercedes-Benz's electric vehicles through the development of a public charging network powered by 100% clean energy that is open to all vehicle brands.

In our [Mercedes-Benz Group Annual Report 2025](#), which includes our Sustainability Report starting on page 106, we describe the impact of our products throughout their lifecycle at the group level. Greenhouse Gas ("GHG") emissions are discussed in these materials. It is our understanding that this report will fulfill our 2025 reporting obligations because CARB has stated that it will accept best available information. For 2026 reporting, we think it would be prudent for CARB to continue to allow reporting at the group level and to align its reporting requirements with globally accepted practices to reduce 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.

reporting burden. Our responses to the questions CARB asked during the workshop provide further details on how this can be achieved.

Organizational Boundaries

CARB has asked for feedback on the best approach for setting organizational boundaries: by equity share, or through a control approach which could be either by financial or operational control. We maintain that CARB should allow organizations to choose the approach that works best for them and indicate in their report what approach was taken. The Mercedes-Benz Group's² Sustainability Statement includes GHG emissions information based on a financial control approach. The Sustainability Statement itself is based on the European Sustainability Reporting Standards (ESRS) 2, paragraph 1.1, Section 5(b) (comply or explain), which requires disclosing the following information: confirmation that the scope of consolidation is the same as for the financial statements, or, where applicable, a declaration that the reporting undertaking is not required to draw-up financial statements or that the reporting undertaking is preparing consolidated sustainability reporting pursuant to [Article 48i](#) of Directive [2013/34/EU](#).

Mercedes-Benz recommends that CARB's reporting template provide a listing of options (e.g. equity share, financial control, operational control) and reasons why that approach was chosen (e.g. clear ownership lines, ability to direct financial and operating policies, authority to introduce operating policies). Reporters could simply place a check by their response regarding the approach taken and provide the reason why it was taken.

Reporting Template

Mercedes-Benz appreciates that CARB is not requiring reporters to utilize the reporting template in 2025 for reporting Scope 1 & 2 emissions. For 2026, we would like to request that CARB design the template so that it facilitates the ability for organizations to carry over data used in existing reports like our Annual Report. As mentioned above, our Annual Report is based on group level emissions reporting.

In the next section, we address our perspective that only material Scope 3 emissions should be reported. For those categories, CARB should only require reporting of the total emissions if the accounting method and emission factors used for the calculations are also provided by the reporter.

Scope 3 Emissions

CARB has asked for feedback on the best approach for reporting Scope 3 emissions: a de minimis approach, a sectoral phase-in, or a category phase-in. Mercedes-Benz advocates for the de minimis approach.

The Mercedes-Benz Sustainability Report is based on the core principles of "comply or explain" found in the ESRS 2, paragraph 1.1, Section 5(b). It allows for omitting information that is not material or providing an explanation if it is not possible to report on a specific requirement. This approach takes into consideration that the regulatory burden increases and the feasibility of accurately capturing emissions

² The Mercedes-Benz Group is made up of all subsidiary companies over which the Mercedes-Benz Group AG can exert a direct or indirect controlling influence. It decides on the Group's strategy, manages the Group and, as the Group's parent company, ensures legal, regulatory and compliance functions throughout the Group.

decreases when calculating non-material emissions. Therefore, Mercedes-Benz believes that CARB should focus on the reporting of emissions that are considered material. As such, the de minimis approach makes the most sense. Additionally, CARB can apply the same criteria for all organizations.

As noted above, Mercedes-Benz is only reporting on scope 3 emissions we consider material. In consultation with our auditor, Price Waterhouse Cooper, we have determined that categories 8, 9, and 13 are not significant emissions for us, and therefore, we are not reporting them. Each organization should be able to make its own determination based on the de minimis approach as we did rather than the other two approaches CARB is considering. While the category phase in approach seems to identify the highest emitting categories, the amount of emissions in the lower emitting categories could vary by organization. As a result, CARB would likely miss some of the more significant emissions for some organizations and require burdensome calculations for others. If CARB focused on the transportation sector, it could leave out organizations with significant emissions yet require organizations like Mercedes-Benz to expend significant resources to report insignificant emissions.

GHG Accounting Methods

CARB has indicated it would allow for a broad list of accounting methods to be used to comply with the regulation. There is no single accounting method that will accurately account for all categories of emissions in a cost-effective way. Therefore, Mercedes-Benz suggests that CARB allow each organization to define the best way to account for each category of emissions, confirm their choices with their external reviewer, and state in their report what methods were used for each category.

Mercedes-Benz reports Scope 1 emissions via an activity-based approach that is based on our self-generated activities. For Scope 2 emissions, we utilize the “market-based” approach found in the 2015 GHG Protocol. This approach involves utilizing CO2 emission factors of local electricity and district heating tariffs or electricity and district heating suppliers at its locations world-wide. Where this information and residential mix are not available, the current average emission factor published for the respective country is applied. For calculating electricity emissions generated in the United States, we utilize emission factors established by the International Energy Agency (IEA) or the United States Environmental Protection Agency (EPA). For each Scope 3 emission category, we have chosen the recognized accounting method that best fits our data and provides accurate results. The accounting method chosen varies by category.

The following chart summarizes the scope, accounting method, and data basis for calculating our scope 3 emissions. Additional background information can be found on page 150 of our 2025 Annual Report. When looking at the accounting methods listed on the chart, you can see as mentioned above that we utilized a variety of methods: average-data, spend-based, distance-based, waste-type specific, a well-to-wheel methodology, and an investment share approach. We ask that CARB be open to reporters using the method that is most accurate and cost effective for each category like we have done. Additionally, it would be helpful if CARB set up its reporting requirements in a similar manner.

Scope 3 Category	Scope	Accounting Method	Data Basis
1 – Purchased Goods and Services	GHG emissions from the materials and components required to produce the vehicles	“Average-data” according to the GHG Protocol	Sales figures 2024, component and material information
2 – Capital Goods	GHG emissions primarily from activities in civil engineering, building construction, as well as production machinery and facilities	“Spend-based” according to the GHG Protocol	Asset additions and emission factors weighted by group-wide expenditures
3 – Fuel and Energy-Related Activities (not included in Scope 1 & 2)	GHG emissions that arise during the production and provision of energy sources (not included in Scope 1 & 2)	“Average-data” according to the GHG Protocol	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)
4 – Upstream Transportation & Distribution	GHG emissions from transport services for logistics to the upstream point of sale	“Distance-based” method according to the GHG Protocol	Shipment data, emission factors for inbound logistics & outbound from GLEC Framework V3.0, emission factors for inbound sea logistics from Clean Cargo, ISO 14083
5 – Waste generated in operations	GHG emissions from the disposal and recovery of waste from own production facilities	“Waste-type-specific” method, according to GHG Protocol	Group-wide waste volumes and industry-average emission factors from the life cycle assessment database LCA for Experts (Version 2024.2)
6 – Business travel	Greenhouse gas emissions from air and rail travel and rental car journeys of all employees of the Mercedes-Benz Group	“Distance-based” method according to the GHG Protocol	Flight data from internal travel management system and emission factor from the Department for Environment, Food & Rural Affairs (DEFRA); rental car traffic through the km driven with a vehicle class-specific emission factor; train traffic through the km covered and the corresponding emission factor from the Transport Emission Model TREMOD, Federal Environmental Agency
7 – Employee commuting	GHG emissions from private and public transport of all employees of Mercedes-Benz Group	“Average-data” method according to the GHG Protocol	Number of working days 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)
8 – Upstream leased assets	Not considered significant	N/A	N/A
9 – Downstream transportation	Not considered significant	N/A	N/A
10 – Processing of sold products	GHG emissions from further processing of sold Mercedes-Benz Vans chassis	“Average-data” method according to GHG Protocol	Sales figures Vans 2024, component and material information, Regulation (EU) 2019/631, life cycle assessment database LCA for Experts (Version 2024.2)
11 – Use of sold products	Well-to-wheel greenhouse gas emissions from all vehicles in the new car fleet with a mileage of 200,000 km	The well-to-tank greenhouse gas emissions are based on the electricity/fuel production paths of the respective markets.	Certified consumption and emission data (tank-to-wheel) and the life cycle assessment database LCA for Experts (Version 2024.2) for well-to-tank

12 – End-of-life treatment of sold products	GHG emissions from recovery and disposal of vehicles at the end of their operating life	“Average-data” method according to GHG Protocol. Consideration of materials at the end of life according to the cut-off approach.	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)
13 – Downstream leased assets	Not considered significant	N/A	N/A
14 – Franchises	Greenhouse gas emissions from energy consumption of independent retailers	“Average-data” method according to GHG Protocol	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.
15 – Investments	GHG emissions from equity investments in associated companies and joint ventures with significant influence	Consideration of Scope 1 and Scope 2 emissions of the respective company according to investment share	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.

Emission Factors

CARB is soliciting input on the source of emission factors. Mercedes-Benz uses many sources for emission factors, and these are included in the chart above. For some sources, the emission factors come from the IPCC Emissions Factor Database (EFDB). Additionally, we use conversion factors included on utility bills and those included in common calculation standards such as those used in the EU emissions trading program, or those found in recognized databases such as the International Energy Agency (IEA). We also use emission factors referenced in the Corporate Accounting and Reporting Standard 2004 and the Corporate Value Chain Standard 2011 of the Greenhouse Gas (GHG) Protocol Initiative. We believe that all of these sources should be considered as valid by CARB because they are accredited sources. CARB should also allow for the use of emission factors that are unique to an industry or source if they are approved by an organization’s auditor. Lastly, reporters should be able to justify their choices of emission factors as we have done in our Annual Report.

Assurance

Mercedes-Benz appreciates CARB’s goal to make the list of assurance standards inclusive. We currently use the ISAE 3000 standard which is currently on CARB’s list. To complete our report on GHG emissions and to compile the information included in our Annual Report, we meet and communicate with our auditor dozens of times throughout the year. The financial cost of engaging with our auditor is several hundred thousand dollars. CARB’s estimate of the cost of reporting (between \$135,083 and \$152,352) underestimates what we spend on engaging with our auditor. CARB also does not account for the internal resources involved with staffing several people to work full time on these efforts for more than 4 months out of the year.

Conclusion

Mercedes-Benz appreciates CARB's outreach to regulated parties to help shape the SB 253 reporting program. Our overarching request is that the program requirements align with current reporting efforts.