# **Daimler AG - Climate Change 2020**

## **C0. Introduction**

## **C0.1**

### **(C0.1) Give a general description and introduction to your organization.**

Daimler AG is one of the world's most successful automotive companies. With its Mercedes-Benz Cars & Vans, Daimler Trucks & Buses and Daimler Mobility divisions, the Group is one of the leading global suppliers of premium cars and one of the world's largest manufacturer of commercial vehicles. Daimler Mobility offers financing, leasing, fleet management, investments, credit card and insurance brokerage as well as innovative mobility services.

The company founders, Gottlieb Daimler and Carl Benz, made history by inventing the automobile in 1886. As a pioneer of automotive engineering, Daimler sees shaping the future of mobility in a safe and sustainable way as both a motivation and obligation. The company's focus therefore remains on innovative and green technologies as well as on safe and superior vehicles that both captivate and inspire. Daimler continues to invest systematically in the development of efficient powertrains – from high-tech combustion engines and hybrid vehicles to all-electric powertrains with battery or fuel cell – with the goal of making locally emission-free driving possible in the long term. The company's efforts are also focused on the intelligent connectivity of its vehicles, autonomous driving and new mobility concepts. Daimler regards it as its aspiration and obligation to live up to its responsibility to society and the environment.

Daimler sells its vehicles and services in nearly every country of the world and has production facilities in Europe, North and South America, Asia and Africa. In addition to Mercedes-Benz, the world's most valuable premium automotive brand (source: Interbrand study, 17 Oct. 2019), and Mercedes-AMG, Mercedes-Maybach and Mercedes me, its brand portfolio includes smart, EQ, Freightliner, Western Star, BharatBenz, FUSO, Setra and Thomas Built Buses as well as the brands of Daimler Mobility: Mercedes-Benz Bank, Mercedes-Benz Financial Services and Daimler Truck Financial. The company is listed on the Frankfurt and Stuttgart stock exchanges (ticker symbol DAI). In 2019, the Group had a workforce of around 298,700 and sold 3.34 million vehicles. Group revenues amounted to €172.7 billion and Group EBIT to €4.3 billion.

Sustainable mobility products and services, CO2 reduction, and cutbacks in our use of resources are highly topical social policy demands — and at Daimler they are key elements of our new sustainable business strategy. Daimler accepts responsibility for the economic, environmental, and social effects of its business operations, with the goal of creating value over the long term for all of our stakeholders. That’s why Daimler is pressing ahead with sustainable solutions for individual mobility and the transportation of tomorrow. Daimler is taking this course so that the company can stay on track for success in the future as well. Accordingly, six sustainability-related themes complement our traditional strategy areas (Climate protection and air pollution control, Conservation of resources, Liveable cities, Traffic safety, Data responsibility and Human rights).

Daimler AG is the parent company of the Daimler Group and its headquarters are in Stuttgart. With the new corporate structure, effective as of January 1, 2020, the Group’s business operations under the umbrella of Daimler AG are no longer managed in five divisions, but in three. Mercedes-Benz AG is responsible for the business of Mercedes-Benz Cars & Vans and Daimler Truck AG combines the activities of Daimler Trucks & Buses. Daimler Financial Services, which had already been legally independent for many years, was renamed Daimler Mobility AG in July 2019. With the new structure, Daimler AG carries out the functions of steering and governance and provides services for the companies of the Group. As the parent company, it also defines the Group’s strategy, makes strategic decisions for business operations, and ensures the effectiveness of organizational, legal, and compliance-related functions throughout the Group.

In accordance with our strategy, Daimler is pursuing defined targets in six areas of action and establishing a continuous improvement process. The management and organizational structures support this process by means of clear lines of responsibility in all business divisions. The Group Sustainability Board (GSB) is the central management body for all sustainability issues and reports to the Board of Management. The GSB is headed by the Board of Management member responsible for Integrity and Legal Affairs and the Board of Management member responsible for Group Research & Mercedes-Benz Cars Chief Operating Officer. The Sustainability Competence Office, which consists of representatives from the units managed by the two Co-chairs, coordinates the operational work and reports to the GSB.

## **C0.2**

### **(C0.2) State the start and end date of the year for which you are reporting data.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Start date** | **End date** | **Indicate if you are providing emissions data for past reporting years** | **Select the number of past reporting years you will be providing emissions data for** |
| Reporting year | January 1 2019 | December 31 2019 | No | <Not Applicable> |

## **C0.3**

### **(C0.3) Select the countries/areas for which you will be supplying data.**

Argentina

Brazil

Czechia

France

Germany

Hungary

India

Indonesia

Italy

Japan

Mexico

Poland

Portugal

Romania

Slovenia

South Africa

Spain

Switzerland

Turkey

United Kingdom of Great Britain and Northern Ireland

United States of America

Viet Nam

## **C0.4**

### **(C0.4) Select the currency used for all financial information disclosed throughout your response.**

EUR

## **C0.5**

### **(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Financial control

## **C-TO0.7/C-TS0.7**

### **(C-TO0.7/C-TS0.7) For which transport modes will you be providing data?**

Light Duty Vehicles (LDV)

Heavy Duty Vehicles (HDV)

## **C1. Governance**

## **C1.1**

### **(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

## **C1.1a**

### **(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

|  |  |
| --- | --- |
| **Position of individual(s)** | **Please explain** |
| Board-level committee | i) Explanation of how the individual’s responsibility is related to climate issues The Group Sustainability Board (GSB) is our central management body for climate-related and sustainability issues and reports regularly to the Board of Management. The GSB is headed by the Board of Management member responsible for Integrity and Legal Affairs and the Board of Management member responsible for Group Research & Mercedes-Benz Cars Chief Operating Officer. Member of the GSB are inter alia the chairmen of the Board of Management for Daimler AG, Mercedes-Benz AG, Daimler Truck AG and Daimler Mobility AG. Thus, this ensures the consequent transformation to emission-free mobility and the company’s sustainable business strategy on a group-wide level. In addition, External Affairs cooperates closely with the members of the Board of Management and the specialist units on questions related to the representation of the Group’s interests. The GSB works and decides on relevant sustainability and climate protection issues and mandates tasks to the Sustainability Competence Office (SCO). The SCO coordinates and drives the sustainability activities group wide and functions as a preparatory and advisory panel for the top management GSB. The GSB combines at the highest level all management processes of cross-divisional and functional relevance related to climate protection and sustainability. ii) Example of a climate-related decision made by the individual The committee debates and decides on sustainability and climate-related issues of principal or substantial importance and issues involving the areas of responsibility of members of the GSB. This includes among others the Sustainable Business Strategy of the group and the divisions and its implementation within the business units. The committee coordinates and decides on target-setting and validation of progress regarding climate protection and air quality as one of six strategic themes of the company’s sustainable business strategy, e.g. definition of CO2 emission reduction KPIs. Another important decision in the reporting year was the integration of the transformation components of the remuneration. Moreover, reduction targets regarding CO2 emission over the lifecycle are monitored in the GSB. The GSB reports regularly to the Board of Management and additional final approval lies with the Board of Management. |

## **C1.1b**

### **(C1.1b) Provide further details on the board’s oversight of climate-related issues.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Frequency with which climate-related issues are a scheduled agenda item** | **Governance mechanisms into which climate-related issues are integrated** | **Scope of board-level oversight** | **Please explain** |
| Scheduled – some meetings | Reviewing and guiding strategy  Reviewing and guiding major plans of action  Reviewing and guiding risk management policies  Setting performance objectives  Monitoring implementation and performance of objectives  Overseeing major capital expenditures, acquisitions and divestitures  Monitoring and overseeing progress against goals and targets for addressing climate-related issues | <Not Applicable> | The Board of Management (BoM) manages the company. As the company made sustainability, including climate protection an integral part of its business strategy, climate-related and CO2-related issues are a regular topic on the BoM. Several committees are reporting on a regular basis to the BoM on climate related topics. i,ii) The committee for sustainability and climate-related issues, Group Sustainability Board (GSB), works on sustainability issues and steers the sustainability program. To the BoM, the GSB serves as source for advice with respect to sustainability issues. The new sustainable business strategy is regularly discussed and reviewed by the BoM. As one example, in the first half of 2019 the BoM reviewed major strategic topics related to sustainability, including climate protection, at Daimler with ambition statements, lighthouse activities as well as milestones and next steps for the sustainability journey. iii) The organizational embedding and monitoring of risk and opportunity (R&O) management takes place through the risk management organization. In this context, the companies, organizational entities, and corporate functions report on concrete R&O, including climate-related R&O to the next-highest entity at regular intervals. Through the segments, this information is passed on to Group Risk Management, which processes it and provides it to i.a. the BoM. Reports regarding the current risk situation and the effectiveness of the internal control& risk management system are regularly presented i.a. to the BoM. iv) The requirement for sustainable corporate management is established at the top management level, as the BoM remuneration also takes into account sustainability- related transformation and non-financial targets. In addition, the BoM approves target values for e.g. CO2 emissions reduction of products and approves environmental & energy related guidelines. v) The GSB informs the BoM about its most relevant accomplishments and challenges. This way the stringent implementation of sustainability initiatives is ensured. In 2019, the BoM agreed for instance on the vision, ambition & targets for climate protection. vi, vii and viii) Climate-related issues are integrated in strategic decisions for major capital expenditures for e.g. research and development or the extension of production capacities. Major capital expenditures are discussed on the BoM. An example is the second battery factory in Kamenz that has been design as a CO2-neutral factory. To the BoM, the GSB is regularly reports on the progress regarding the realization of the sustainable business strategy. Another example is the Energy Efficiency Board that monitors regularly compliance with our internal development targets and the requirements contained in the product performance specifications that are also reported to the BoM on a constant basis. The BoM agreed for instance on a clear commitment to set the target of carbon-neutral production at all European plants by 2022. |

## **C1.2**

### **(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name of the position(s) and/or committee(s)** | **Reporting line** | **Responsibility** | **Coverage of responsibility** | **Frequency of reporting to the board on climate-related issues** |
| Other C-Suite Officer, please specify (Member of the Board of Management of Daimler AG. Group Research and Mercedes-Benz Cars Chief Operating Officer) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable> | Quarterly |

## **C1.2a**

### **(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

Description of where in the organisation structure the position lies

The highest management-level position responsible for climate-related issues is the Member of the Board of Management Daimler AG Group Research & Mercedes-Benz Cars Chief Operating Officer. In this function, he is responsible for Group Research and as of April 1, 2020 Mercedes-Benz Cars Chief Operating Officer. In this function, he controls the holistic value creation process of Mercedes-Benz Cars -- from development to procurement and supplier quality to production. He direly reports regularly to the chairman of the Board of Management (BoM). The individual is also co-chairman of the Group Sustainability Board, the highest-level sustainability committee, and thus serves to the Board of Management (BoM) as source for advice with respect to climate related issues.

i) Description of the responsibilities of the position

The Group Sustainability Board (GSB) as well as the Energy Efficiency Board (EEB) is (co-) headed by the individual and the realization of a low-carbon research and development policy lies within his responsibility. The EEB, which his headed by the individual, is responsible for monitoring and complying with CO2 emission fleet targets and for transparency regarding the target attainment level. In case of a deviation, the committee organizes an assessment of various options and then decides on the measures to be initiated. If the need for adjustment is especially urgent, the process is discussed the responsible managing and decision-making body. Moreover, in the individual’s function of co-chairman of the GSB, he provides guidance for the process of identification of relevant fields of action within the long-term strategy. Climate protection and air quality is defined as one of our focal topics. All business units are systematically integrated when defining strategies for climate protection. On basis of the Sustainable Business Strategy the GSB coordinates major plans for action within all business units within the six focus areas, including climate protection. Examples for plans of actions are the hybridization and electrification of our vehicles’ drive systems. The status of implementation and performance of objectives is regularly monitored by the GSB.

ii) Rationale of why responsibility lies with this position

The use phase of vehicles accounts to a major share of primary energy consumption and CO2 emissions during the life cycle of the product as well as the company’s overall Scope 3 emission. It is consequently of great importance that the responsibility for climate-related issues lies with the individual responsible for the research and development of our cars and drive systems respectively. An environmentally responsible product development (Design For Environment) is integrated in the early stage of the car development process and is overseen by this individual. Further, he oversees the Energy Efficiency Board (EEB), formally CO2 steering committee, which initiates long-term measures and organizes holistic assessments in order to meet target values. In the field of research and development lies a significant relevance for climate related issues. The overall vision of emission-free mobility is the basis of our commitment to climate protection. It is also a core element of our sustainable business strategy. The aim here is for our new vehicle fleet to become CO2-neutral by 2039. The vision of a “Road to Emission-free Driving” defines the primary focal points for developing new and sustainable drive technologies. It encompasses the following measures: The further development of vehicles equipped with state-of-the-art combustion engines in order to achieve significant reductions in consumption and emissions, further increases in efficiency through hybridization and electric vehicles with battery and fuel cell drive systems. The fuel roadmap for Mercedes-Benz Cars & Vans points the way toward the optimization of today’s fossil fuels and the use of synthetic fuels, as well as hydrogen and electricity generated from renewable sources. The individual responsible for research and development thus plays a crucial role in achieving defined targets.

## **C1.3**

### **(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

|  |  |  |
| --- | --- | --- |
|  | **Provide incentives for the management of climate-related issues** | **Comment** |
| Row 1 | Yes |  |

## **C1.3a**

### **(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

|  |  |  |  |
| --- | --- | --- | --- |
| **Entitled to incentive** | **Type of incentive** | **Activity inventivized** | **Comment** |
| Board Chair | Monetary reward | Emissions reduction target | The remuneration system for the Chairman of the Board of Management aims to promote the Company’s business strategy and its sustainable long-term development. A balanced combination of non-performance related (fixed) and performance-related (variable) components of remuneration that also takes into account suitably ambitious performance parameters and performance indicators provides an incentive to implement the corporate strategy and ensure the Group’s sustained success. The fixed base salary and the annual bonus each comprise approximately 30% of the target remuneration, while the variable component of remuneration with a long-term incentive effect (PPSP) makes up approximately 40% of the target remuneration. The annual bonus is impacted by the transformation targets set by the Supervisory Board as well as by the sustainability oriented non-financial targets for the Board of Management as a whole. These factors can raise or lower the annual bonus by up to +/-25% and +/-10%, respectively. The maximum amount of remuneration for the Board of Management chairman is 1.7 times the target remuneration. The target remuneration consists of the base salary, the target annual bonus and the grant value of the PPSP, excluding fringe benefits and retirement benefit commitments. In order to take into account the implementation of the future oriented measures for the technological and sustainable realignment of the Group, the divisions defined key performance indicators and target values at the beginning of financial year 2019 for the future-oriented CASE fields – Connected, Autonomous, Shared & Services, Electric. This criteria-based consideration of the future-oriented CASE fields was based on assessments of the success of product related, technical and economic activities/progress. Furthermore, the Company assessed the progress of sustainability/ Environment Social Governance (ESG) aspects and the success of strategic M&A activities. The defined key performance indicators are used for measuring the degree to which the transformation targets have been achieved. They also support the corresponding activities, corrections or implementation steps of the Group’s sustainability strategy e.g. CO2 emission targets, proportion of alternative drive systems and development discipline with regard to the development progress of products. |
| Board/Executive board | Monetary reward | Emissions reduction target | The remuneration system for the Board of Management members aims to promote the Company’s business strategy and its sustainable long-term development. A balanced combination of non-performance related (fixed) and performance-related (variable) components of remuneration that also takes into account suitably ambitious performance parameters and performance indicators provides the Board of Management with an incentive to implement the corporate strategy and ensure the Group’s sustained success. The fixed base salary and the annual bonus each comprise approximately 30% of the target remuneration, while the variable component of remuneration with a long-term incentive effect (PPSP) makes up approximately 40% of the target remuneration. The annual bonus is impacted by the transformation targets set by the Supervisory Board as well as by the sustainability oriented non-financial targets for the Board of Management as a whole. These factors can raise or lower the annual bonus by up to +/-25% and +/-10%, respectively. In order to take into account the implementation of the future oriented measures for the technological and sustainable realignment of the Group, the divisions defined key performance indicators and target values at the beginning of financial year 2019 for the future-oriented CASE fields – Connected, Autonomous, Shared & Services, Electric. This criteria-based consideration of the future-oriented CASE fields was based on assessments of the success of product related, technical and economic activities/progress. Furthermore, the Company assessed the progress of sustainability/ Environment Social Governance (ESG) aspects and the success of strategic M&A activities. The defined key performance indicators are used for measuring the degree to which the transformation targets have been achieved. They also support the corresponding activities, corrections or implementation steps of the Group’s sustainability strategy e.g. CO2 emission targets, proportion of alternative drive systems and development discipline with regard to the development progress of products. |
| Energy manager | Monetary reward | Energy reduction target | Daimler integrated sustainability topics in its long-term strategies. Climate and environmental protection already play an important role in the production of our vehicles. The goal is to make vehicle production processes CO₂-neutral in all of our production plants by 2022 (for Mercedes-Benz Cars & Vans, Daimler Trucks and Buses by 2022 in Europe). Moreover, Mercedes Benz Cars & Vans set itself the target to cut CO2 emissions in our plants by more than half already by 2022. For reaching the goals, the company relies on three strategic pillars for doing so: continuous increase in the energy efficiency, use of green electricity and realisation of a sustainable heat supply. Starting in 2022, own production plants of Mercedes-Benz Cars and Vans around the world will obtain electricity exclusively from renewable sources. Energy managers have a personal target agreement which includes sustainability-related targets, such as reduction targets. |
| Other, please specify (Chief engineers for product model series) | Monetary reward | Emissions reduction target | Targets for CO2 reduction are an integral part of the product specifications of all products under construction. It’s the responsibility of the chief engineers that the final product meets the specified CO2 target (part of the personal target agreement). A central CO2 project team within the strategy department ensures a continuous monitoring and forecast of all product specific targets and reports regularly to the Top Management, ensuring that corrective actions can be taken if necessary. |
| All employees | Non-monetary reward | Behavior change related indicator | The best way to support Daimler’s commitment to climate protection is both individual initiative and team efforts by groups of employees working together with suppliers and others. Throughout the Company’s history, our employees have worked hard to improve products and processes while achieving our goals of continuous improvement in environmental performance. For that reason Daimler presents its global Environmental Leadership Award (ELA), which was initiated in 2000, to attract attention to extraordinary efforts and to encourage those who work to foster a pro-environmental culture within Daimler. The extraordinary effort of our colleagues is shown by the numbers of the last Environmental Leadership Award: 146 projects from 1200 participants in 30 countries were submitted during the application phase. The finalist teams are awarded with trophies and an internal event. |
| All employees | Monetary reward | Efficiency project | Since many years, the idea management at Daimler enables employees to contribute their experience, ideas and creativity to increasing efficiency and optimising processes within the company. Ideas can be related to a diverse field of topics including e.g. to energy saving measures or emission reduction activities. In 2019, around 37.000 ideas were submitted resulting in cost optimization of approx. 55 Mio Euro (not all submitted ideas are realized). In case of realization of an idea, the employee will receive a monetary reward depending on the impact of the implemented optimization and other criteria. |

## **C2. Risks and opportunities**

## **C2.1**

### **(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

## **C2.1a**

### **(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **From (years)** | **To (years)** | **Comment** |
| Short-term | 0 | 1 | The specified period and scope of the risk and opportunity reporting depends on the business planning process. Risks, which are part of the reporting during the period, have an even shorter observation period. They refer to defined target figures and values within the respective business planning periods and forecasts. The reporting of risks and opportunities in the Management Report generally relates to a period of one year. |
| Medium-term | 1 | 2 | The specified period and scope of the risk and opportunity reporting depends on the business planning process. Risks and opportunities which have a medium-term impact are reported in the business planning to observe deviations from mid-term targets. |
| Long-term | 2 |  | The discussions for the derivation of strategic targets in the context of strategic planning include the identification and assessment of risks and opportunities relating to a longer period. By definition, risks in the context of Strategic Planning have a long-term character and relate more closely to the strategic framework assumed in the planning. Climate-related risks and opportunities often refer to a long-term horizon, since climate-change can cause long-term effects. |

## **C2.1b**

### **(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

The Daimler Group is exposed to a large number of risks that are directly linked with the business activities of its divisions or which result from external influences. A risk is understood as the danger that events, developments or actions will prevent the Group or one of its divisions from achieving its targets. Risks can be of either a financial or non-financial nature. At the same time, it is important for the Daimler Group to identify opportunities for the Group so that they can be utilized in the course of its business activities, thus safeguarding and enhancing the Group’s competitiveness. An opportunity is understood as the possibility to safeguard or to surpass the planned targets of the Group or a division as a result of events, developments or actions. (Non-Financial Report)

i) Definition of risk with substantive financial or strategic impact

Risk assessment takes place on the basis of probability of occurrence and possible impact according to the levels “Low”, “Medium” and “High”. These levels also apply to the possible impact of opportunities. When assessing the impact of a risk or opportunity, including climate-related risks or opportunities, its effect on EBIT is generally considered. In order to address the individual company conditions, each segment defines its own limit of substantial financial impact in relation to its respective EBIT. The financial impact generally measures the quantitative effect of potential risks as an effect on EBIT. EBIT is a profit measure for our business operations, which is defined before interest and taxes. In order to calculate EBIT, all costs of business operations are subtracted from revenue.

ii) Description of the quantifiable indicators used

On Group level, risks and opportunities below EUR 500 million are classified as low, between EUR 500 million and EUR 1 billion as medium, and above EUR 1 billion as high.

The segments Mercedes-Benz AG, Daimler Truck AG and Daimler Mobility AG work with internal limits to determine the substantial financial impact of risks and opportunities from their business perspective. At Mercedes-Benz AG, risks and opportunities below EUR 75 million are classified as low, between EUR 75 million and EUR 150 million as medium, and above EUR 150 million as high. At Daimler Truck AG, risks and opportunities below EUR 25 million are classified as low, between EUR 25 million and EUR 50 million as medium, and above EUR 50 million as high. At Daimler Mobility AG, risks and opportunities below EUR 25 million are classified as low, between EUR 25 million and EUR 50 million as medium, and above EUR 50 million as high.

It is important here, that the limit set by the segments must be below the limit of the group. Regarding climate related-risks, we understand a substantive financial impact analogue our “medium” or “high” classification, hence above the limit of the respective company.

## **C2.2**

### **(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

### **Value chain stage(s) covered**

Direct operations

Upstream

Downstream

### **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

### **Frequency of assessment**

More than once a year

### **Time horizon(s) covered**

Short-term

Medium-term

Long-term

### **Description of process**

Climate-related risks and opportunities (RO) are integrated into Daimler's overall risk management process. The risk management system (RMS) is integrated into the value-based management and business planning system of the Daimler Group. It is an integral part of the overall planning, management and reporting process in the legal entities, segments and headquarter functions. The RMS is intended to systematically and continually identify, assess, control, monitor & report risks threatening Daimler’s existence and other material risks incl. climate-related risks in order to support the achievement of corporate targets and to enhance risk awareness at the Group. The opportunity management system is based on the RMS. Within business planning, RO are identified and assessed relating to a short-, mid-& long-term period. Besides the reporting at specific times (more than once a year), RO management is established as a continuous task. In addition to the regular reporting, there is an internal reporting obligation for material risks arising unexpectedly. All units should provide a complete recording of RO incl. climate-related RO. Daimler shows the gross risks in the reporting, which are concrete risks with indications that the target could be missed and a probability of occurrence greater than 1%(implemented measures are already subtracted). Each unit must report material RO to the superordinate unit and discuss them regularly in the local committees. Risk assessment takes place based on probability of occurrence and possible impact according to the levels low, medium and high. When assessing the impact of RO, its effect on EBIT is generally considered. The units are requested to report on concrete RO at regular intervals within one year. This information is passed on to Group Risk Management, which processes the information and provides it to the BoM, the Supervisory Board and the Group Risk Management Committee. Within RO controlling the management decides about the strategy how to handle the RO incl. climate-related RO and defines measures and responsibilities. Measures have to be reported for each RO with the following attributes: description, costs and effect of measure, implementation date, person responsible and status of measure. The effectiveness, functionality and appropriateness of the RMS are regularly discussed in the BoM and the Audit Committee of the Supervisory Board. The established centralized RMS considers all RO incl. climate-related RO across the entire stages of the value-chain: RO from direct operations are covered within RM, e.g. because of the company’s global business activities, some of its locations are in vulnerable areas and therefore it is exposed to risks of natural disasters, that can disturb production and business processes. Upstream RO are covered within RM, e.g. risks arising from business activities with suppliers are reported in RM, since capacity bottlenecks caused by supplier delivery failures or by insufficient utilization of production capacities at suppliers can cause interruptions in production processes. Downstream RO are covered within RM, e.g. risks arising from regulations concerning vehicle´s emissions, fuel consumption and certification, are considered in RM. Complying with these varied and often diverging regulations all over the world requires strenuous efforts on the part of the automotive industry. Case study Transitional Risk An example of climate-related transitional risks are Supply Chain risks for the automotive segments from bottlenecks caused by supplier delivery failures or by insufficient utilization of production capacities at suppliers due to the shift to low emission drivetrain solution. Due to the planned electrification of new model series, Mercedes-Benz Cars & Vans in particular is facing the risk that they require changed volumes of components from suppliers. This could result in over- or underutilization of production capacities for certain suppliers. If supplier cannot cover their fixed costs, there is the risk that suppliers could demand compensation payments. Necessary capacity expansion at suppliers’ plants could also require cost-effective participation. In order to manage transitional risks, such as risks in connection with changed volumes of components from suppliers due to the planned electrification of new model series and a shift in customer demand from diesel to gasoline engines, every unit has to check its risk environment and identify concrete risks, which could have a negative impact on its planned EBIT.In the example shown, the time horizon is short-term. This process takes place at regular intervals within one year. Measures to mitigate the risk can be negotiations with the individual suppliers, activities to safeguard the electric offensive by placing an order for battery cells, expanding the international supplier network and creating greater planning security in the supply chain through increased flexibility. For example, with its battery plant in Kamenz GER, Daimler now has one of the most modern automotive battery production facilities in the world. Case study Physical Risk Unpredictable events such as natural disasters can disturb production and business processes. Insufficient availability of vehicle components at the right time and possible interruptions in supply by energy providers can lead to bottlenecks, especially at Mercedes-Benz Cars. In order to avoid such bottleneck situations, importance is placed upon being able to compensate for capacity constraints through forward planning. The reporting of physical risks is integrated into the central RMS, which includes all multi-disciplinary units of the Group. Units with production facilities in vulnerable areas report risks of natural disasters. Increase of impact of natural disasters due to climate change or other factors are evaluated through the use of natural disaster risk analyses from insurance databases from Swiss RE. They monitor and analyze the number of past geophysical, meteorological, hydrological and climatological events and their related financial losses. They also project future occurrences of natural disasters and their potential physical Impacts. For instance the Mercedes-Benz Manufacturing facility Samutprakam Thailand is located in a vulnerable area and has identified a risk of natural disaster. Since a wide time-horizon is implemented in the RM process, acute physical risks with a short-term character as well as chronic physical risks with a mid-& long-term perspective have to be evaluated. The risk can be evaluated based on the parameters production volume at risk times average contribution margin of the corresponding vehicles. The assessment of the risks has to be reviewed regularly within the regular reporting intervals (more than once a year). In order to cope with natural disasters, emergency plans are prepared to allow the resumption of business operations as soon as possible.

## **C2.2a**

### **(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

|  |  |  |
| --- | --- | --- |
|  | **Relevance & inclusion** | **Please explain** |
| Current regulation | Relevant, always included | I) Why is this Risk Type relevant? The automotive industry is subject to extensive governmental regulation worldwide. Risks and opportunities from the legal and political framework have a considerable impact on Daimler’s future business success. Regulations concerning vehicles’ emissions, fuel consumption, and certification play a particularly important role. Many countries and regions have already implemented stricter regulations to reduce vehicles’ emissions and fuel consumption or are currently preparing such laws. For example, they relate to the environmental impact of vehicles, including emission levels, fuel economy and noise, as well as pollutants from the emissions caused by production facilities. Noncompliance with regulations on e.g. vehicles’ emissions might result in significant penalties and reputational harm and in the case of violation of regulations concerning vehicles’ environmental compatibility, might even mean that vehicles could not be or could no longer be registered in the relevant markets. The cost of compliance with these regulations is significant, especially for conventional engines, and Daimler expects a significant increase in costs in this context. II) Company specific example: Mercedes-Benz Cars & Vans faces risks with respect to regulations on mandatory targets for the average fleet fuel consumption and CO2 emissions of new vehicles, especially in the markets of China, Europe and the United States Daimler gives these targets due consideration in its product planning. The increasingly ambitious targets require significant proportions of actual unit sales of plug-in hybrids or cars with other types of electric drive. The market success of these drive systems is greatly influenced not only by customer acceptance but also by regional market conditions, like for example the battery-charging infrastructure and state support. The EU Commission is still revising, and amending or supplementing, the framework conditions for the WLTP measurement method, which has been applicable since September 2018. This may result in increased and additional WLTP testing and documentation Costs. |
| Emerging regulation | Relevant, always included | I) Why is this Risk Type relevant For Daimler it is highly relevant to continually monitor the development of statutory conditions and upcoming global regulations to anticipate foreseeable requirements and long-term targets in e.g. fuel consumption and CO2 emissions at an early stage in the process of product development. It is necessary to include emerging regulations in strategic decisions, in order to offer an appropriate range of drive systems and the right product portfolio in each market that meets future regulations, while fulfilling customers’ wishes and political requirements. Complying with these varied and often diverging regulations all over the world requires strenuous efforts on the part of the automotive industry. In the future, Daimler expects to spend an even larger proportion of its research and development budget to ensure compliance with these regulations. II) Company specific example: Daimler Trucks is the world’s largest manufacturer of trucks above 6 metric tons gross vehicle weight and contributes to the Group’s revenue with 22 %. A specific risk related to emerging regulation is the regulation of CO2 emissions of heavy-duty commercial vehicles in the EU. The European Commission has developed a new method for determining the CO2 emissions of heavy commercial vehicles, named VECTO, the application of which has been mandatory for the most important vehicle categories. The prescribed level of CO2 reduction in Europe of 15% by 2025 and 30% by 2030, in each case compared to the new-vehicle fleet in the period of July 2019 to June 2020, cannot be achieved with conventional technology alone. Daimler Trucks & Buses will therefore have to apply the latest technologies in order to fulfil these requirements. Achieving the 2025 target will require significant shares of battery-electric trucks or other electrified drive systems in the actual market, which may only be achievable at higher costs. Daimler continuously monitors the development of statutory and political conditions and attempts to anticipate foreseeable requirements and long-term targets at an early stage in the process of product development. The great challenge of the coming years will be to offer an appropriate range of drive systems and the right product portfolio in each market. |
| Technology | Relevant, always included | I) Why is this Risk Type relevant The automotive industry is currently facing a significant technological transformation towards low-carbon mobility. The high dynamism of technological developments, new competitors and market situations can be linked to various risks. Technical solutions to further improve the products’ fuel consumption and emissions, such as hybrid or electric vehicles, are of key importance for sustainable mobility. Innovations and technology opportunities for the progressive and future-oriented design of the product range are integrated in the strategic product planning of the automotive segments. As a result of increasing technical complexity, the continually rising extent of requirements in terms of emissions and fuel consumption, as well as meeting and steadily raising the Daimler Group’s quality standards, production and technology risks exist for product launches and manufacturing in the automotive segments. Therefore, the transformation of the mobility sector is closely and continually monitored within the internal risk assessment. II) Company specific example As we continue along the road to emission-free mobility, we intend to forge ahead with the electrification of drivetrains in Mercedes-Benz passenger cars using 48-volt technology. Our goal here is to attain a sales structure in 2030 in which plug-in hybrids and all-electric vehicles account for more than 50% of all the new cars we sell. Thus, capacity restrictions in the production of batteries, interruptions in the supply chain and possible interruptions in supply by energy providers can lead to bottlenecks. Restrictions on certain equipment components in new vehicle models and the lack of availability of vehicle parts at the right time poses a risk. In order to avoid such bottleneck situations, importance is placed upon being able to compensate for capacity constraints through forward planning.In addition, supply chains and the availability and quality of products are continuously monitored within the context of managing the entire value chain. Supplier management is undertaken for the prevention of risks with the aim of ensuring the quantity and quality of the components required to manufacture the vehicles.The Mercedes-Benz Cars division is continuously refining its flexible production network consisting of a total of more than 30 locations on four continents. In particular, we are preparing our worldwide production network to meet the requirements of electric mobility. |
| Legal | Relevant, always included | I) Why is this Risk Type relevant Laws in various jurisdictions regulate occupant safety and the environmental impact of vehicles, including emissions levels, fuel economy as well as the emissions of the plants where vehicles or parts thereof are produced. In case regulations applicable in the different regions are not complied with, this could result in significant penalties and reputational harm or the inability to certify vehicles in the relevant markets. II) Company specific example Daimler is continuously subject to governmental information requests, inquiries, investigations, administrative orders and proceedings relating to environmental and other laws and regulations in connection with diesel exhaust emission. As the negative headlines on diesel engines and the implementation of driving bans on diesel vehicles unsettle customers, this can result in lasting shifts in the drive-system portfolio (fewer diesel and more gasoline engines). This would require additional cost-intensive development and production measures in order to meet the CO2 fleet limits applicable as of 2020. Moreover, the EU Commission is still revising, and amending or supplementing, the framework conditions for the WLTP measurement method, which has been applicable since September 2018. This may result in increased and additional WLTP testing and documentation costs. Our Compliance Management System (CMS), which has its basis in our culture of integrity, is designed to support the observation of laws and policies in the company and by its employees and to prevent misconduct. Value-based compliance is an indispensable part of our daily business activities at Daimler. For us, compliance means acting in accordance with laws and regulations. Our objective here is to ensure that all of our employees worldwide are always able to carry out their work in a manner that is in compliance with applicable laws, regulations, agreements with workers’ representative bodies, voluntary commitments and our values, as set out in binding form in our Integrity Code. The CMS consists of basic principles and measures for the promotion of compliant behavior throughout the Group. |
| Market | Relevant, always included | I) Why is this Risk Type relevant Due to its global operations, Daimler Group operates on numerous markets and in different economic systems. The operation's success depends on a market development as expected and the associated customer behavior. Changing market conditions require adjustments of product portfolio strategies and business activities. To offer the right product portfolio and an appropriate range of drive systems in each market that fulfil changing customers’ demands and statutory requirements due to i.a. climate-related issues, presents a challenge in the coming years. The assessment of market risks and opportunities is linked to assumptions and forecasts about the overall development of markets in the regions in which the Daimler Group is active. The possibility of markets developing better or worse than assumed in the planning, or of changing market conditions, generally exists for all segments of the Daimler Group.The development of markets, unit sales and inventories is continually analyzed and monitored by the segments; if necessary, specific marketing and sales programs are implemented. II) Company specific example: Risk arise in connection with the public debate about diesel vehicles. Current controversial discussions about the future of diesel technology and related legal uncertainties such as threat of driving bans can result in lasting shifts in the drive-system portfolio (fewer diesel and more gasoline engines). Differences between the segments exist due to the partly varying regional focus of their activities. The development of markets, unit sales and inventories is continually analyzed and monitored by the segments; if necessary, specific marketing and sales programs are implemented. |
| Reputation | Relevant, always included | I) Why is this Risk Type relevant As a company with worldwide activities, the Daimler Group is at the focus of public interest. More and more, climate- and environmental-related reputational risks are in the focus. The relevant stakeholders’ perception is therefore of high importance and can affect the reputation of the entire Daimler Group. The reputation is a relevant risk type for Daimler AG as it can affect customers, business partners and capital markets. Public interest is focused on Daimler’s position with regard to individual issues in the fields of sustainability e.g. greenhouse gas emissions, integrity and social responsibility. II) Company specific example: For Daimler, reputational risks arise above all in connection with the public debate about diesel vehicles and the related fundamental reconsideration of methods for measuring emissions. The current public focus on climate-relevant vehicle emissions as well as possible certifications stops and recalls jeopardize the reputation of the automotive industry and in particular of the diesel engine, and could result in damage to Daimler’s reputation. With the development of a new generation of diesel engines and their systematic market launch, Daimler aims to achieve a reduction in NOx emissions in real driving conditions (RDE). The new highly efficient four and six-cylinder engines are already available in diesel or gasoline versions in numerous models.In order to protect the company’s reputation, integrity plays an important role in the development of new products and Services. Also, the whistleblower system BPO (Business Practices Office) enables Daimler employees and external whistleblowers to report misconduct anywhere in the world. The information provided to the BPO whistleblower system enables the company to learn about potential risks and specific violations that pose a high risk to the company and its employees, and this in turn allows us to prevent damage to the company and its reputation. |
| Acute physical | Relevant, always included | I) Why is this Risk Type relevant Climate-related acute physical risk is a relevant risk type for the company as unpredictable natural disasters such as hurricanes or flooding can disturb Daimler’s production and business processes. It can also results in threats on employees of the company or attacks on material property. II) Company specific example: As an example, in April 2011 tornadoes hit the Mercedes-Benz U.S. International (MBUSI) in Tuscaloosa County Alabama, USA. The Tuscaloosa plant had to be shut down due to the tornadoes and as result the Mercedes-Benz SUV production was delayed. The plant in Tuscaloosa was the first major Mercedes-Benz passenger car production facility outside Germany and is regarded as the nucleus of the automotive industry in Alabama. Fortunately, the damage at the plant itself was minor so that production could start back on 02. May 2011. |
| Chronic physical | Relevant, sometimes included | I) Why is this Risk Type relevant: Long-term effects through shifts in climate patterns, such as changes in average temperatures and total annual precipitation present risks for supply chains and own operations. Especially for Daimler’s global and complex automotive supply chain. II) Company specific example: Daimler’s supply chain and production network is highly complex and global. Within our supply chain risk assessment environmental indices such as water stress are included and visualized in a continually updated country risk map. As part of our preventive measures against environmental risks, we also evaluate possible risks related to the water supply and the disposal of wastewater. The results showed that none of our plants are subject to very high water-related risks. This was the result of an in-house analysis we conducted with the help of the leading online tool in this area, the WWF Water Risk Filter. Only one of our facilities had a water scarcity risk of 3.8 on a scale from 1 (no risk) to 5 (very high risk). All of our other facilities have, at most, a medium risk. In order to assess supply chain risks, a risk based approach based on a global risk map with specific indices including environmental indices e.g. water stress is applied. On basis of the country based risk assessment further measures such as on-side-assessment at supplier’s locations are taken. Other possible chronic physical risk might affect other risk types such as market, regulation and technology. |

## **C2.3**

### **(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## **C2.3a**

### **(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

### **Identifier**

Risk 1

### **Where in the value chain does the risk driver occur?**

Direct operations

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Current regulation | Mandates on and regulation of existing products and services |

### **Primary potential financial impact**

Increased insurance claims liability

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

The automotive industry is subject to extensive climate-related governmental regulations worldwide. Many countries and regions have already implemented stricter regulations to reduce vehicles’ emissions and fuel consumption or are currently preparing such laws. Many mandatory targets regarding “average fleet fuel consumption” and “average fleet CO2 emissions” of new vehicles challenge Mercedes-Benz Cars & Vans. Especially in main markets like Europe, China & the United States. Daimler’s portfolio mix and product planning is considering these challenges. Mercedes-Benz Cars sold a total of 992,200 vehicles in Europe in 2019 and continued to be very successful in China during the year under review, with unit sales there increasing by 2% to 694,200 vehicles. We also set new records for unit sales in other Asian markets, for example in South Korea (+18%). To give an example, in Europe the average emissions of the new-vehicle fleet of all manufactures combined is to be reduced to 95 g of CO₂/km by 2021 equivalent to an appr. consumption of 4.0 liters of gasoline or around 3.5 liters of diesel/100 km. Daimler's target is - due to the higher average vehicle weight of our premium fleet compared to the average European vehicle fleet - likely to be around 107 g/km measured in the NEDC. The future WLTP based target cannot be determined yet. In the US, ﬂeet values are regulated by two co-regulating standards: Greenhouse Gas Standards (GHG) and Corporate Average Fuel Economy Standards (CAFE). The GHG fleet figures for the CO₂ emissions of Daimler vehicles in the United States have improved by 10 percent for passenger cars and by 16% for light-duty commercial vehicles over the last seven years (on the basis of the preliminary report on the 2019 model year). Legal limits on the fuel consumption and/or CO₂ emissions of car fleets exist today in many other markets as well, although the target values differ from market to market. The relevant countries here include major sales markets for our products, e.g. Canada, Japan, South Korea, Brazil, Taiwan, India, and Saudi Arabia. The increasingly ambitious targets require significant proportions of actual unit sales of plug-in hybrids or cars with other types of electric drive. However, the market success of these drive systems is greatly influenced not only by customer acceptance but also by regional market conditions, like for example the battery-charging infrastructure and state support.

### **Time horizon**

Short-term

### **Likelihood**

Likely

### **Magnitude of impact**

High

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

95000000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

Worldwide Daimler vehicles are affected by various CO2/GHG and fuel regulations. The impact of the risks is defined as "high" by the group risk assessment. i) Quantitative Breakdown The value under “potential financial impact figure” is based on following figures and assumptions. In order to derive an impact figure a scenario is calculated. To give an example, in Europe for a volume of approximately 1 million units in the EU market, a gap to target of 1 gCO2/km leads to a penalty payment of around 95 million € for each year of incompliance, given the penalty rate of 95€ per gCO2/km and million new car sales per year (multiplying 95€ per gCO2/km with one million new car sales per year). The provided value is an exemplary calculation.

### **Cost of response to risk**

8100000000

### **Description of response and explanation of cost calculation**

i) Case Study Daimler has committed to make correspondingly large investments in research and development to foster fuel efficiency and emission reduction. The “Road to Emission-free Driving” initiative deﬁnes focal points for all of our automotive divisions. One important pillar is the hybridization and electriﬁcation of our vehicles’ drive systems. With the EQ brand, we are pursuing a holistic approach to powertrain electrification. One important step is the development of a multi-model electric vehicle architecture for battery-powered vehicles. Further, Plug-in hybrids are a milestone on the road to zero-emission driving. Under the label EQ Power, Mercedes-Benz Cars is consistently forging ahead with the development of its plug-in hybrid vehicles. The hybrid drive systems in models with a longitudinally installed engine – from the C-Class to the S-Class and from the GLC to the GLE – represent the third hybrid generation since the launch of the first hybrid vehicles in 2009. The current electric motor was redesigned for the 9G-TRONIC plug-in hybrid transmission and operates according to the principle of a permanently excited synchronous motor as an internal rotor. Moreover, we foster further efficiency improvements of our internal combustion engines. New petrol engines are equipped with efficient technologies such as starter alternator and 48-volt on-board electrical system. ii) Quantitative Breakdown Mercedes-Benz Cars and Vans slightly increased the very high level of investment in research and development to €8.1 billion in 2019 focusing on among others fuel-efficient and environmentally friendly drive systems. No further breakdown of quantitative values is feasible.

### **Comment**

The risks described in this CDP Climate Change Questionnaire chapter C.2 and their possible consequences for the business situation of Daimler constitute future-oriented assumptions. Please see further information /Disclaimer at the end of the questionnaire, in the following section C-FI.

### **Identifier**

Risk 2

### **Where in the value chain does the risk driver occur?**

Upstream

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Technology | Transitioning to lower emissions technology |

### **Primary potential financial impact**

Increased direct costs

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

Supply Chain risks arise for the automotive segments from bottlenecks caused by supplier delivery failures or by insufficient utilization of production capacities at suppliers due to the shift to low emission drivetrain solution. Disagreements with suppliers regarding the agreed pricing, the supplied quality and delays can lead to the risk of rising financial expanses. Daimler needs to intermesh closely with its supplier companies in order to deal with the rapid pace of technological change in the automotive industry and the need to bring new technologies to market maturity quickly. Daimler is forging ahead with the electrification of its vehicles. Plans call for electrification of the entire Mercedes- Benz portfolio by 2022, which means that various electric alternatives are to be offered in every segment. With the “Ambition 2039” strategy, the company has set the goal to achieve a sales structure in which plug-in hybrids and all-electric drive systems account for more than 50% of our passenger car Portfolio by 2030. Furthermore, a CO2-neutral new car fleet is planned to be offered to our customers within less than three product lifecycles. Due to the planned electrification of new model series and a shift in customer demand from diesel to gasoline engines, Mercedes-Benz Cars & Vans in particular is facing the risk that changed volumes of components from suppliers will be required. This could result in over- or underutilization of production capacities for certain suppliers. If supplier cannot cover their fixed costs, there is the risk that suppliers could demand compensation payments. Necessary capacity expansion at suppliers’ plants could also require cost-effective participation.

### **Time horizon**

Short-term

### **Likelihood**

About as likely as not

### **Magnitude of impact**

Medium-high

### **Are you able to provide a potential financial impact figure?**

Yes, an estimated range

### **Potential financial impact figure (currency)**

<Not Applicable>

### **Potential financial impact figure – minimum (currency)**

100000000

### **Potential financial impact figure – maximum (currency)**

150000000

### **Explanation of financial impact figure**

The financial impact generally measures the quantitative effect of potential risks as an effect on EBIT. EBIT is a profit measure for our business operations, which is defined before interest and taxes. In order to calculate EBIT, all costs of business operations are subtracted from revenue. Risks that are already reflected in the plan (e.g. provisions, reduced planning figures) are not relevant for the risk management process and thus may not be included. The primary potential financial impact of the risk is based on the cost side. To be more specific, in the estimation it is expected that the direct costs increase. i) Quantitative Breakdown A risk in connection to the underutilization of production capacities at suppliers is especially seen for the brand smart. Due to the shift to electric drivetrain, negotiations with the individual suppliers are necessary. The risk is estimated with an amount smaller than EUR 150.000.000. The procurement specialists did an evaluation (top down approach) which is based on experience from past cases and the ratio of fixed costs and costs to be amortized within the smart part prices. Further cost values cannot be disclosed due to confidentiality reasons. The range and classification between EUR 100,000,000 and EUR 150,000,000 is derived from the defined limit of Mercedes-Benz Cars & Vans. The limit is measured in terms of EBIT.

### **Cost of response to risk**

0

### **Description of response and explanation of cost calculation**

i) Case Study The Group’s business operations are exposed to changes in the market prices and availability of purchased parts especially for electrified drive train systems. A successful procurement and supplier strategy is one important element of our transformation towards electric mobility. Our vehicles generally contain several thousand parts and components. Accordingly, Daimler's supply chain is complex. It comprises approximately 60,000 direct suppliers, especially from the regions Europe, North America, and Asia. And with every innovation and every market development, it dynamically evolves — as has happened during the reporting period. In order to avoid bottleneck situations, importance is placed upon being able to compensate for capacity constraints through forward planning. In addition, supply chains and the availability and quality of products are continuously monitored within the context of managing the entire value chain. Supplier management is undertaken for the prevention of risks with the aim of ensuring the quantity and quality of the components required to manufacture the vehicles. Together with the supplier network, Mercedes-Benz Cars is driving innovations, further expanding the international supplier network and creating greater planning security in the supply chain through increased flexibility. For example, Mercedes-Benz has launched a far-reaching strategic partnership with the Chinese battery cell manufacturer Farasis Energy (Ganzhou) Co., Ltd., including taking an equity stake. The contract will provide a secure source of supply of battery cells for Mercedes-Benz’s electrification strategy, while Farasis gains security for its planned construction of production capacity. With this strategic partnership Mercedes-Benz is deepening its sustainability activities and further strengthening its existing business relationship with the battery cell supplier by taking a stake of around three percent. Current contracts with Farasis have been supplemented and include, in addition to technical and commercial contractual components, expanded legal and sustainability requirements. ii) Breakdown The supplier management is continuously reviewing supplier orders and corresponding negotiations on the design of supplier contracts with regard to minimizing or avoiding compensation payments in the upcoming years. We estimate no additional costs as this activity of management is covered by our overall personnel expenses.

### **Comment**

The risks described in this CDP Climate Change Questionnaire chapter C.2 and their possible consequences for the business situation of Daimler constitute future-oriented assumptions. Please see further information /Disclaimer at the end of the questionnaire, in the following section C-FI.

### **Identifier**

Risk 3

### **Where in the value chain does the risk driver occur?**

Direct operations

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Acute physical | Increased severity and frequency of extreme weather events such as cyclones and floods |

### **Primary potential financial impact**

Decreased revenues due to reduced production capacity

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

Climate change is modifying the occurrence of flooding, droughts, hurricanes and other extreme weather events. Unpredictable events such as natural disasters can disturb production and business processes. Emergency plans are therefore prepared to allow the resumption of business operations as soon as possible. As far as possible, and commensurate to the level of individual risks, precautionary measures are taken and insurance policies are arranged. Daimler sells its vehicles and services in nearly every country of the world and has production facilities in Europe, North and South America, Asia and Africa. In 2019, the Group had a workforce of around 298,700 and sold 3.34 million vehicles. Daimler operates around 65 production facilities worldwide. Some of them are, due to their location in vulnerable areas, under the risk of flooding, tornados, droughts and other natural disasters. Examples of facilities that have been affected by severe weather extrema are among others the Mercedes-Benz U.S. International plant in Tuscaloosa USA, the Mercedes-Benz Manufacturing facility Samutprakam Thailand and the Daimler India Commercial Vehicles Mercedes-Benz in Chennai India. In case of occurrence of an extreme weather event, insufficient availability of vehicle components at the right time, interruptions in the supply chain and in energy provision can lead to severe bottlenecks. This poses a high risk of production shut down and thus financial risks. As an example, in April 2011 tornadoes hit the Mercedes-Benz U.S. International (MBUSI) in Tuscaloosa County Alabama, USA. The Tuscaloosa plant had to be shut down due to the tornadoes and as a result the Mercedes-Benz SUV production was delayed.

### **Time horizon**

Short-term

### **Likelihood**

Unlikely

### **Magnitude of impact**

Medium-low

### **Are you able to provide a potential financial impact figure?**

Yes, an estimated range

### **Potential financial impact figure (currency)**

<Not Applicable>

### **Potential financial impact figure – minimum (currency)**

1000000

### **Potential financial impact figure – maximum (currency)**

333000000

### **Explanation of financial impact figure**

The financial impact generally measures the quantitative effect of potential risks as an effect on EBIT. EBIT is a profit measure for our business operations which is defined before interest and taxes. In order to calculate EBIT, all costs of business operations are subtracted from revenue. Production stops or stock losses in the context of extreme weather events are considered and are part of the evaluation approach. These risks can be fully or partly covered by a global or local insurance program. Risks insured are not considered as risks for local units, apart from any deductibles. i) Quantitative Breakdown As an example, the Mercedes-Benz U.S. International in Tuscaloosa, USA calculates a production shutdown due to disastrous nature events such as hail or tornado as an effect on EBIT. The range and classification between EUR 1,000,000 and EUR 333,000,000 is derived from the defined limit of Daimler Group. The limit is measured in terms of EBIT. The total lost out of production for a specific number of interruption days due to nature events amounts to 140 mill. USD. That impact was evaluated by the multiplication of the maximum amount of vehicles produced per day with the average contribution and days of interruption. The risk is covered by an insurance, so that only the deductible is considered in risk management. The financial impact is described with an amount smaller than 333 mill. Euro according to the impact range medium-low. Since several divisions (Mercedes-Benz Cars & Vans and Daimler Trucks & Buses) are affected of this risk, the limit of the Daimler Group is used for the derivation of the financial impact.

### **Cost of response to risk**

100000000

### **Description of response and explanation of cost calculation**

i) Case Study Daimler pursues an integrated approach to environmental protection and to mitigate physical risks. Risks are transferred to third parties. This occurs generally via conclusion of insurance policies. Moreover, emergency plans are prepared to allow the resumption of business operations after a natural disaster as soon as possible. As far as possible, and commensurate to the level of individual risks, precautionary measures are taken and insurance policies are arranged. Increase of impact of natural disasters due to climate change or other factors are evaluated through the use of natural disaster risk analyses from insurance databases. They monitor and analyse the number of past geophysical, meteorological, hydrological and climatological events and their related financial losses. They also project future occurrences of natural disasters and their potential physical impacts. Based on these data, several business units within Daimler evaluate the likelihood and potential impact on Daimler locations worldwide of natural disaster risks. In addition, local risk management plays a crucial role at our locations, especially with regard to environmental risks. In order to identify and address local environmental risks, we operate an Environmental Risk Management system at our Group-owned production facilities. Due diligence assessments are regularly conducted for this purpose. As part of our preventive measures against environmental risks, we also evaluate possible risks related to the water supply and the disposal of wastewater. The results showed that none of our plants are subject to very high water-related risks. This was the result of an in-house analysis we conducted with the help of the WWF Water Risk Filter online tool . ii) Financial Breakdown A relevant activity to directly respond to physical risks is the transfer of risks to third parties. Unfortunately, costs for insurances can not be disclosed due to confidentiality reasons. However, further measures related to environmental protection activities are realized at our locations to mitigate risks and adapt to climate change. For instance, as described above due diligence assessments are regularly conducted and improvement measures are identified. The given value (cost of response) shall give an indication of the magnitude of environment-related costs. In 2019, we invested EUR 100,000,000 in operational environmental protection measures (focus Germany). No additional breakdown is feasible.

### **Comment**

The risks described in this CDP Climate Change Questionnaire chapter C.2 and their possible consequences for the business situation of Daimler constitute future-oriented assumptions. Please see further information /Disclaimer at the end of the questionnaire, in the following section C-FI.

## **C2.4**

### **(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

## **C2.4a**

### **(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

### **Identifier**

Opp1

### **Where in the value chain does the opportunity occur?**

Direct operations

### **Opportunity type**

Products and services

### **Primary climate-related opportunity driver**

Shift in consumer preferences

### **Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

### **Company-specific description**

Increasing restrictions on vehicles with combustion engines in cities, as well as more stringent emission limits, are promoting the development of alternative drive train systems. With governments and authorities promoting zero emission vehicles purchase barriers for consumer are lowered. For example, different local authorities and states such as in New York (US), China and the EU implemented or are planning to implement zero- or low-emission vehicles mandates. Stricter limitations or e.g. restricted city can accelerate the demand for low-emission vehicles. A rise of consumer demand of low-emission vehicles, can lead to an opportunity for Daimler. In order to meet future customer demand, we are expanding our range of plug-in hybrids and all-electric vehicles. We are developing electric model variants for all of our vehicle models — from cars and vans to trucks and buses. We are making it possible for our customers to take advantage of user-friendly electric mobility services, and we are also participating in the expansion of the battery-charging infrastructure. Daimler wants to significantly increase sales of passenger cars equipped with plug-in hybrid and all-electric drive systems. In this connection, the Company wants to electrify the entire portfolio of Mercedes-Benz Cars by 2022, which means that various electric alternatives are to be offered in every Segment. By the year 2030, Daimler expects plug-in hybrids and all-electric models to account for up to 30 % of sales. Under our new EQ brand, which stands for “Electric Intelligence,” we offer vehicles and services connected with electric mobility. Mercedes-Benz Cars sold a total of around 2,3 Million vehicles in 2019 despite difficult overall conditions, thus once again slightly exceeding the previous year’s record. Thereof, Mercedes-Benz Cars sold 2.3% vehicles with hybrid drive systems and electric drives based on unit sales of vehicles in 2019 (an increase of appr. 5% compared to 2018). By effectively and flexibly focusing production and sales activities, we expect to utilize the opportunities presented by the development of the market for low-emission vehicles.

### **Time horizon**

Long-term

### **Likelihood**

Likely

### **Magnitude of impact**

Medium-high

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

939000000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

i) Quantitative Breakdown Due to uncertainties of market developments and customer preferences, it is only possible to make a theoretical assumption to describe the financial impact of this opportunity. For a theoretical derivation of a value, we assumed, based on our FY2019 figures (revenue 2019 Mercedes-Benz Cars: 93,877 million Euro), a potential volume increase of 1% of our current worldwide fleet would affect the revenue. This effect may be translated into an increase of 1 % revenue that accounts to roughly 939 million € ( 1% of 93,877 million Euro accounts to 938.77 Million Euro). The actual value may vary from this assumption.

### **Cost to realize opportunity**

7500000000

### **Strategy to realize opportunity and explanation of cost calculation**

i) Case study With our research and development activities, our goal is to further strengthen Daimler’s competitive position against the backdrop of upcoming technological challenges. With new and attractive products, we want to inspire our customers and utilize the growth opportunities offered by worldwide automotive markets. We are focusing on the strategic areas for the future, in particular the development of electric drive systems. At Mercedes-Benz Cars & Vans, a large proportion of the research and development expenditure is planned to be for developing the model range of the EQ product and technology brand, especially in the related development of a new platform for vehicles with all-electric drive. All of the electric vehicles and electric mobility services offered to Mercedes-Benz Cars customers have been consolidated under our new EQ brand, which stands for “Electric Intelligence.” The new Vision EQS show car embodies the flexible and customer focused vision of sustainability that the Mercedes-Benz EQ product and technology brand stands for. Moreover, Plug-in hybrids are an important milestone on the road to emission-free driving. The described research and development activities are part of a holistic strategy to realize future opportunities in the field of low-emission vehicles. ii) Cost of Strategy Mercedes-Benz Cars spent a total of €7.5 billion on research and development in the year under review (2018: €7.6 Billion). Of that amount, €2.9 Billion was capitalized as development costs. Activities were marked by an increasing focus on digitalization, automated and autonomous driving, and the further development of electric drive systems and a new platform for vehicles with all-electric drive systems. A further breakdown of investments costs in low-carbon technology is not possible due to confidentiality reasons.

### **Comment**

The opportunities described in this CDP Climate Change Questionnaire chapter C.2 and their possible consequences for the business situation of Daimler constitute future-oriented assumptions. Please see further information /Disclaimer at the end of the questionnaire, in the following section C-FI.

### **Identifier**

Opp2

### **Where in the value chain does the opportunity occur?**

Direct operations

### **Opportunity type**

Products and services

### **Primary climate-related opportunity driver**

Shift in consumer preferences

### **Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

### **Company-specific description**

Daimler Trucks & Buses intends to shape the logistics and passenger transport of tomorrow- with electric solutions that deliver the maximum benefit for customers, the environment and the climate. To accomplish this opportunity, Daimler Trucks & Buses is placing the focus on those segments of the market in which electric trucks and buses can first operate- technologically and economically. The Mercedes-Benz eCitaro, for example, has been produced in series and delivered to customers since fall 2018. The FUSO eCanter and the Mercedes-Benz eActros are being thoroughly tested under real-life conditions by customers. At IAA Commercial Vehicles 2018, Daimler announced the cooperation with the Californian company Proterra Inc. Proterra is a leader in the design and manufacture of zeroemission heavy-duty buses for local transport, enabling bus fleet operators to significantly reduce operating costs while delivering clean, quiet transportation to local communities across North America. With more than 675 vehicles sold to 90 different municipal, university, airport, federal and commercial transit agencies in 40 U.S. states and Canadian provinces, Proterra is committed to providing state of the art, high performance vehicles to meet today’s growing market demand. The company’s configurable Catalyst platform is capable of serving the full daily mileage needs of nearly every transit route on a single charge. In conjunction with the investment, Proterra and Daimler have entered into an agreement to explore the electrification of select Daimler heavy-duty vehicles. The first of these efforts will be to explore potential synergies with Daimler’s Thomas Built Buses division by bringing Proterra’s proven battery and drive train technologies to the North American school bus market, the next frontier for zero-emission, commercial fleets. Similar to public transit vehicles, school buses provide emission-critical community infrastructure and offer an excellent use case for vehicle electrification, as most school buses travel a predictable distance per day that is well within the capability of Proterra’s EV technology. With this collaboration on an electric vehicle for the school bus market, Daimler and Proterra have the potential to provide reliable, affordable transportation options with environmentally sustainable, zero-emission EV Technology.

### **Time horizon**

Medium-term

### **Likelihood**

About as likely as not

### **Magnitude of impact**

Medium-low

### **Are you able to provide a potential financial impact figure?**

Yes, an estimated range

### **Potential financial impact figure (currency)**

<Not Applicable>

### **Potential financial impact figure – minimum (currency)**

1000000

### **Potential financial impact figure – maximum (currency)**

17000000

### **Explanation of financial impact figure**

The financial impact generally measures the quantitative effect of potential opportunities as an effect on EBIT. EBIT is a profit measure for our business operations which is defined before interest and taxes. In order to calculate EBIT, all costs of business operations are subtracted from revenue. The currency is EUR. i) Quantitative Breakdown The impact generally measures the quantitative effect of potential opportunities as an effect on EBIT. Opportunities that are already reflected in the plan are not relevant for the opportunity management process and thus may not be included. Proterra is a start-up with unproven ability to generate profits. The capital share amounts to 6.22 % . A larger share price fluctuation in a positive or negative way is still possible. The opportunity value based on the book value of Proterra in addition to the consideration of a possible increase in participation. The fair value assessment of the participation based on a potential share price volatility referenced from the peer Group. The range and classification between EUR 1,000,000 and EUR 17,000,000 is derived from the defined limit of Daimler Trucks & Buses. The limit is measured in terms of EBIT.

### **Cost to realize opportunity**

0

### **Strategy to realize opportunity and explanation of cost calculation**

i) Description with case study: Schoolchildren in the US state of Virginia will go to school under electric power in future – in fully electric versions of the iconic black-and-yellow buses by Thomas Built Buses. Behind this initiative is the Virginia-based energy supplier Dominion Energy, which plans to convert 1050 school buses in Virginia from diesel to electric drive. This means that Thomas Built Buses has landed the largest contract so far for electric school buses in the United States of America. The battery technology of the Jouley comes from a cooperative venture with the Californian company Proterra, and has a total energy capacity of 220 kWh and an estimated range of 134 miles. At present Thomas Built Buses is the only school bus manufacturer to offer a DC quick-charging infrastructure as standard. When correspondingly equipped, the locally emission-free Jouley can be charged by the optional Proterra 60 kw quick-charging system within around three hours, and use vehicle-to-grid technology (V2G) to recover electrical Energy. An increasing demand of electric buses from Thomas Built Buses or other bus brands for Proterra’s battery technology and drive train could have a positive effect on the development of the company’s share price. ii) Cost of Strategy The development of Proterra’s book value will be updated continuously by monitoring the financial Statements on a quarterly basis. No further costs for the monitoring exists.

### **Comment**

The opportunities described in this CDP Climate Change Questionnaire chapter C.2 and their possible consequences for the business situation of Daimler constitute future-oriented assumptions. Please see further information /Disclaimer at the end of the questionnaire, in the following section C-FI.

### **Identifier**

Opp3

### **Where in the value chain does the opportunity occur?**

Direct operations

### **Opportunity type**

Resilience

### **Primary climate-related opportunity driver**

Participation in renewable energy programs and adoption of energy-efficiency measures

### **Primary potential financial impact**

Reduced indirect (operating) costs

### **Company-specific description**

As part of our sustainable business strategy, Daimler have set the overall goal of making the mobility of the future more sustainable. That includes not only reducing CO2 emissions of products but also looking at production plants and our supply chain in the process. By pursuing the goal of making production processes CO2 -neutral over the long term the company is fulfilling voluntary commitment and also complying with national and international climate protection guidelines. In its efforts to reduce greenhouse gas emissions, Daimler places a focus on its own plants and procurement of the energy they use (Scope 1 and 2). Mercedes-Benz Cars set itself the science-based target to reduce absolute CO2 emissions at plants worldwide by 50% by 2030 (compared to 2018) and reduce specific energy consumptiongy consumption per passenger car by 43% by 2030 as compared to the average 2013/2014. Moreover, from 2022 all Mercedes-Benz Cars and Vans plants are planned to produce on a CO2-neutral basis. New plants are already being planned with this requirement in mind. The European plants of Daimler Trucks & Buses are also to have CO2-neutral power supplies by 2022. All other plants will follow.Through the described clear strategy, energy efficiency measures are fostered. Energy efficiency is already an important pillar today, various technical measures such as optimisation of the lighting and ventilation technology (e.g. more efficient systems, optimisation of activation times), intelligent management (e.g. automatic switch-off of power consumers during breaks and production downtimes) or the use of efficient technology during planning (e.g. highly-efficient turbo compressors for central compressed air production, energy-efficient pumps) further contribute to energy savings. These measures are assisted by efficient management of the electrical power supply. An energy management system for the continuous reduction of energy consumption has been implemented. Daimler implemented around 315 energy efficiency measures in 2019 alone. The clear strategy for climate and environmental-friendly production can lead to the reduction of operational costs through e.g. energy savings and efficiency measures.

### **Time horizon**

Medium-term

### **Likelihood**

Very likely

### **Magnitude of impact**

Medium-low

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

4500000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

i) Quantitative Breakdown In 2019, we implemented 315 new energy efficiency projects with an estimated annual saving of about 4,5 mill Euro. It must be noticed, that savings for energy efficiency measures are reported in separate databases and thus the overall sum might be higher. Moreover, more than 400 projects are under investigation or are planned to be implemented.

### **Cost to realize opportunity**

2100000

### **Strategy to realize opportunity and explanation of cost calculation**

i)Description with case study Daimler is strongly working on a carbon-neutral production. New plants worldwide are already planned with this premise. As one major example, the new production facility “Factory 56” as one of the most state-of-the-art automobile production halls worldwide is a blueprint all our future vehicle assembly halls. "Factory 56" will already have a CO₂-neutral energy supply upon commissioning. There is a photovoltaic system (PV system) on the factory's roof, which feeds self-generated green electricity into the hall's supply. In addition, there are a number of measures for reducing energy consumption. Approximately 40 percent of the roof's surface will be extensively planted. Apart from offsetting impervious surfaces and aiding rainwater retention, this also translates into an improved interior climate in the hall. ii) Cost of Strategy In 2019, we implemented 315 new energy efficiency measures. By those measures, the productions facilities reduce their purchase of allowance and hence, reduce expenditures. The investment for the energy efficiency projects account to around 2,1 mill Euro. It must be noticed, that investment costs for energy efficiency measures are reported in separate databases and thus the overall sum might be higher.

### **Comment**

The opportunities described in this CDP Climate Change Questionnaire chapter C.2 and their possible consequences for the business situation of Daimler constitute future-oriented assumptions. Please see further information /Disclaimer at the end of the questionnaire, in the following section C-FI.

### **Identifier**

Opp4

### **Where in the value chain does the opportunity occur?**

Direct operations

### **Opportunity type**

Products and services

### **Primary climate-related opportunity driver**

Ability to diversify business activities

### **Primary potential financial impact**

Reduced indirect (operating) costs

### **Company-specific description**

The market for innovative mobility services in urban areas has strongly grown over the past few years. Many observers expect that this growth will continue in the future. A huge number of consumers in cities around the globe have registered to “mobility-as-a-service”, e.g. ride-hailing, car sharing, carpooling, e-scooters, multi-modal solutions, etc. Daimler AG is one of the world’s most successful automotive companies. With the Mercedes-Benz brand, we build the most valuable premium automotive brand in the world (Source: Interbrand-Study, 10/4/2018). As an extension to this strong core business, we have invested in innovative automotive-related services or built them up ourselves over the past ten years. As early as 2018, we decided to offer these businesses in partnership with other shareholders, in particular the BMW Group. We see investments in a comparatively new mobility segment, in which millions of vehicles are in use worldwide and which grew strongly before COVID-19, as an addition and opportunity to our automotive business. As of June 30, 2020, 92 million people were using the mobility services of the joint ventures, which are bundled in the three pillars of FREE NOW & REACH NOW, SHARE NOW and PARK NOW & CHARGE NOW. They provide solutions for ride-hailing, multimodal platforms, car sharing, parking and charging the batteries of electric vehicles. FREE NOW is integrating third-party providers into the app to offer customers even more mobility options: Since the second quarter of 2020, e-scooters from Voi in Hamburg, Berlin and Munich can be booked directly via the FREE NOW app. Daimler Mobility AG – one out of three segments of Daimler AG – addresses the various mobility needs with the services of the YOUR NOW joint ventures. The services make it easier to find parking spaces and charge your own electric vehicle; provide on-demand access to car-sharing non-electrified and electrified vehicles or to a vehicle with a driver. In the latter case, customers can deliberately choose an environmental-friendly vehicle when ordering their ride (“Umwelt-Taxi”). In selected cities, customers can choose to pool their rides with others who want to go into a similar direction at the same point in time. In addition to that, the offered electric scooters can be used as an environmentally friendly alternative for cars for short distances.

### **Time horizon**

Medium-term

### **Likelihood**

About as likely as not

### **Magnitude of impact**

Medium-high

### **Are you able to provide a potential financial impact figure?**

Yes, an estimated range

### **Potential financial impact figure (currency)**

<Not Applicable>

### **Potential financial impact figure – minimum (currency)**

33000000

### **Potential financial impact figure – maximum (currency)**

50000000

### **Explanation of financial impact figure**

The financial impact generally measures the quantitative effect of potential opportunities as an effect on EBIT. EBIT is a profit measure for our business operations which is defined before interest and taxes. In order to calculate EBIT, all costs of business operations are subtracted from revenue. Opportunities that are already reflected in the plan are not relevant for the opportunity management process and thus may not be included. i) Quantitative Breakdown The opportunity arising from favorable business developments at mobility entities. Especially the estimated synergies out of possible mergers and savings out of additional investors concerning YOUR NOW are reflected in the evaluation approach. The quantification refers to the estimated positive effects on annual EBIT compared to the current planning. The range and classification between EUR 33,000,000 and EUR 50,000,000 is derived from the defined limit of Daimler Mobility. The limit is measured in terms of EBIT.

### **Cost to realize opportunity**

0

### **Strategy to realize opportunity and explanation of cost calculation**

i) Case study Daimler and BMW Group have combined their mobility offerings in the YOUR NOW Joint Venture Group to create a market-leading player providing sustainable urban mobility. The two groups are investing more than EUR 1 billion to further expand and intermesh their existing services in the areas of ride hailing, multimodal platforms, car sharing, parking and charging. Together with our partner BMW Group and our YOUR NOW colleagues, we are consistently working on making this business profitable. In order to achieve this goal, we have bundled the business into three pillars on January 1, 2020: 1. FREE NOW & REACH NOW. 2. SHARE NOW. 3. PARK NOW & CHARGE NOW. The introduction of a new holding company on January 1, 2020 supports the efficient management of the three pillars. In addition to that, we are still open to further investors and cooperation with other providers as well as acquisitions in start-ups or established players. ii) Cost of Strategy We are continuously monitoring the book values of our YOUR NOW joint ventures, which requires no additional costs.

### **Comment**

The opportunities described in this CDP Climate Change Questionnaire chapter C.2 and their possible consequences for the business situation of Daimler constitute future-oriented assumptions. Please see further information /Disclaimer at the end of the questionnaire, in the following section C-FI.

## **C3. Business Strategy**

## **C3.1**

### **(C3.1) Have climate-related risks and opportunities influenced your organization’s strategy and/or financial planning?**

Yes, and we have developed a low-carbon transition plan

## **C3.1a**

### **(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, quantitative

## **C3.1b**

### **(C3.1b) Provide details of your organization’s use of climate-related scenario analysis.**

|  |  |
| --- | --- |
| **Climate-related scenarios and models applied** | **Details** |
| 2DS  IEA B2DS | The company uses climate scenarios to secure the robustness of the long-term business strategy. A thorough understanding and analysis of International Energy Agency’s (IEA) scenarios has enabled us to set ambitious long-term targets for material topics that are in line with the Paris Agreement. The analysis shows a clear path to strengthen resilience to climate change and ensure the company's long-term success. The evaluation of scenarios to set science-based targets enabled the company to understand future developments, analyse the long-term uncertainty of the portfolio and adapt to the Paris Accord to mitigate climate change risks. For the “Sector Decarbonisation Approach” forecast for the transport sector, a methodology presented by SBTi with the support of a WWF-led project (Daimler was involved as reviewer), the scenarios of IEA is applied. Various input parameters and assumptions were included in the analysis. The underlying data in the SDA Transport tool are sourced from the detailed transport pathways in the IEA Mobility Model (MoMo). The emissions scenarios embedded in the SDA tool are the 2°C scenario (2DS) and the Beyond 2°C scenario (B2DS).The scope of the analysis followed the idea of materiality and included Scope 3 emissions from the use of our products, since the largest share of CO2 emissions from our current passenger car fleet relates to the use phase. We further evaluate our Scope 1&2 emission in accordance with the requirements of the Scope 3 emissions analysis. Also, company-specific projections regarding technology and customer preferences that affect portfolio shares have been included. The analytical method can be described as follows: the “Sectoral Decarbonization Approach” combines a company’s own projections and its emission performance with the assumptions in IEA’s “Energy Technology Perspective”, taking into account the industrial sector and the remaining GHG budget in a below-2-degrees-compliant outlook to 2050. The GHG reduction pathways are then developed for each Company. The methodology defines emission pathways up to 2050, which is a critical timeframe for achieving the objectives from the Paris Agreement. For our own target evaluation, we use different time horizons depending on the individual targets we have set for our business units. The Daimler specific time horizons until 2030 and 2039 are closely linked to product cycles. Relevant business activities are vehicle’s use-phase emission and production emissions. Our business units critical for Scope 3 emissions: Mercedes-Benz (MB) Cars & Vans and Daimler Trucks & Buses. The scenario results show individual pathways for each business unit. In a first step, we have used the results for MB Cars & Vans to derive science-based Targets. The results of the scenario analysis led to a clear understanding of the activities that are relevant to limit global warming to well under 2°C. Also, we defined SBTi-verified targets, that are reduction of CO2 emissions of the new vehicle fleet at MB Cars & Vans during the vehicle use phase by 42% as well as 50% reduction Scope 1&2 at the MB Cars & Vans plants worldwide by 2030 (compared to 2018). The results of the scenario analysis have influenced our business strategy by setting a portfolio mix target of 50% xEV share in 2030. In order to reduce the impact of production processes, the company is setting the course for green production in order to reduce the impact our plants have on the climate. For example, from 2022 onwards, we want to achieve CO2-neutral production worldwide for all Mercedes-Benz AG plants. New factories are plant with the long-term strategy in mind in order strengthen resilience of business activities, e.g. the new factory building Factory56 in Sindelfingen Germany will already be supplied with CO2-neutral energy when it goes into operation. |

## **C3.1d**

### **(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.**

|  |  |  |
| --- | --- | --- |
|  | **Have climate-related risks and opportunities influenced your strategy in this area?** | **Description of influence** |
| Products and services | Yes | Climate-related risks and opportunities related to products and services significantly influences the company’s strategies. Our ambition is to realize more mobility with fewer risk to sustainability and climate. That’s why, we are “changing lanes”, symbolizing shifting the transformation towards sustainable mobility into a higher gear. In our “Ambition 2039” we have set ourselves the target of making our fleet of new passenger cars CO₂-neutral over the vehicles’ entire life cycle by 2039. Our target for new trucks and buses is to become CO₂-neutral with regard to driving operation (tank-to-wheel) in the triad markets of Europe, Japan, and NAFTA between now and 2039. Case Study i)Situation: The topic climate protection and air quality is one of six strategic fields that are influencing our companies strategy. With our Ambition2039 Strategy, we put a clear focus on low-emission technology and electrification. In the year under review, the company sold 3,3 Million units. ii)Task: For Mercedes-Benz Cars, the goal is to have plug-in hybrids or all-electric vehicles account for more than 50% of our car sales by 2030. We want to electrify the entire portfolio of Mercedes-Benz Cars by 2022. For our commercial vehicles, we have made a firm commitment to electric mobility in heavy-duty trucks. iii)Action: Our “Road to Emission-free Driving” initiative defines the primary focal points for developing new and sustainable drive technologies at all of our automotive business divisions. It encompasses the following measures: the further development of our vehicles equipped with state of-the-art combustion engines in order to achieve significant reductions in consumption and emissions, further increases in efficiency through hybridization, and electric vehicles with battery and fuel cell drive systems. iv)Result: To achieve our ambitious goals, Mercedes-Benz plans to launch more than ten all-electric cars on the market. Under our new EQ brand we offer vehicles and services connected with electric mobility. We have designed our production network in a manner that allows us to manufacture our electric vehicles on the same production lines as the corresponding models with combustion engines at all of our key manufacturing locations. In our car portfolio we already have 15 models that are either all-electric or electrified with at least a plug-in hybrid drive system. |
| Supply chain and/or value chain | Yes | The company’s business operations are exposed to changes in the market prices and availability of purchased parts especially for electrified drive train systems. A successful procurement and supplier strategy is one important element of our transformation towards sustainable mobility. We not only foster the consistent electrification of our product portfolio, but we also focus on the supply chain to realise our long-term objective of CO2 neutrality of our new passenger car fleet by 2039. Case Study i)Situation: Daimler’s sustainable business strategy applies to our value chain and thus also to the purchase of production materials and the procurement of services. Our vehicles generally contain several thousand parts and components. Accordingly, our supply chain is complex. It comprises appr. 60,000 direct suppliers, especially from the regions Europe, North America, & Asia. ii)Task: We use a variety of measures for the sustainable management of our supply chain. With its extensive orders for battery cells up to the year 2030, the company has reached yet another milestone with regard to the electrification of vehicles to be marketed under the product and technology brand EQ in the future. In this manner, Daimler and its supplier partners plan to safeguard the supply of materials to the global battery production network today and in the future by using the latest technologies.iii)Action: To counter reputational risks and profit from respective opportunities, we seek to strengthen our supplier management in sustainability aspects. For this reason, we held workshops with suppliers. We concentrated on especially CO₂-intensive suppliers and discussed with them the current state and goals of climate protection measures. Also, we participated in the CDP Supply Chain Program, requesting suppliers to report on i.a. climate change mitigation and adaptation. iv)Result: Daimler performed a total of 1,127 CSR audits at suppliers worldwide in 2019. We concluded for instance a sustainability partnership with a supplier of lithium-ion battery technologies. This partnership focuses i.a. on the procurement of battery cells from CO2-neutral production. As a result, future EQ vehicle models will have batteries whose total CO2 footprint will be reduced by considerably more than 30%. |
| Investment in R&D | Yes | In order to strengthen our core business and utilize the opportunities of the transformation of the automotive industry towards a low-carbon mobility, investment was increased once again in 2019. From a leading position, Daimler wants to play a major role in shaping the fundamental technological transformation towards sustainable mobility. This requires extensive investment in innovative products and new technologies, as well as in the expansion of the worldwide production network. Case Study i)Situation: Investment in R&D are substantive for the transition to a sustainable mobility. We will therefore continue to maintain a high level of investment in order to safeguard the future of our company. In 2019, Research and development of Daimler AG expenditure increased to €9.7 billion (2018: €8.1 billion). ii)Task: The Ambition 2039 and the plan of Mercedes-Benz Cars to sell more than 50 % xEVs (plug-in hybrids and electric vehicles) by 2030, as well as the plan of Daimler Trucks and Buses to augment the vehicle portfolio with hydrogen-driven production vehicles in the second half of the decade, is strongly influencing the R&D Investments. Moreover, Daimler Trucks and Buses plans to have a vehicle portfolio comprising series produced vehicles with battery-electric drive systems in the main sales regions Europe, the United States, and Japan by 2022. In order to achieve the ambitious goals and thus to help actively shape the coming transformation of mobility, we will continue to invest substantially in new products, innovative technologies and state-of-the-art production facilities in the coming years. One focus of our efforts will be on the future-oriented fields of digitization, autonomous driving and electric mobility. iii) Action: We plan to invest approximately €14 billion in property, plant and equipment in 2020 and 2021, as well as nearly €19 billion in research and development project. (Annual Report, p. 57) iv) Result: In 2019, Research and development expenditure increased to €9.7 billion (2018: €8.1 billion), meaning an increase of 6 percent. This was primarily related to the development of new models and model upgrades, the further development of efficient and environmentally friendly drive systems, safety technologies, autonomous driving and the digital connectivity of the products. |
| Operations | Yes | Along with the fuel economy, the key factors that inﬂuence environmental compatibility are the consumption of resources used to manufacture our vehicles and the environmental impact of such production operations. Climate-related issues influenced strategic decision regarding operation. In its efforts to reduce greenhouse gas emissions, Daimler places a focus on its own plants and procurement of the energy they use. From 2022, all Daimler plants plan to produce on a CO2-neutral basis. Case Study i)Situation: Daimler operates around 70 facilities worldwide, thereof around 45 % in Europe. A strategic corporate objective is to continuously reduce CO2 emissions, resource consumption and increase the eﬃciency of resource utilization. The environmental protection measures at our production locations are centrally controlled and coordinated across business units by three regional committees (Germany/Europe, North and South America, and Asia). ii)Task: We work on continuously making production more efficient. Therefore, we have set ambitious climate-related targets. Mercedes-Benz AG set the goal to produce CO2-neutral worldwide by 2022. For Daimler Trucks and Buses, the aim is to be CO2-neutral in Europe by 2022. Moreover, Mercedes-Benz Cars & Vans set the science-based target to reduce CO2 emissions by 50 percent at plants worldwide by 2030 as compared to 2018. iii) Action: The plants’ emission-related data are collected annually in the centrally managed Daimler environmental data information System to monitor and track progress. From 2022, we are planning to procure 100 percent of purchased electricity from renewable sources such as wind and hydroelectric power facilities in Europe. iv) Result: Daimler invested around 100 Million Euro in environmental-related protection measures (this number presents mainly activities in Germany). Moreover, there are various activities realized to achieve our goal of CO2 neutral production. For example, our Factory 56, will already be supplied with CO₂-neutral energy when it goes into Operation. Production at the Mercedes-Benz plant in Jawor (Poland) will also be CO₂-neutral as of the plant’s commissioning. The plant will be supplied with environmentally friendly energy from the Taczalin wind farm, which is located about ten kilometers away. The wind farm’s 22 wind turbines have a combined installed capacity of 45.1 megawatts |

## **C3.1e**

### **(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

|  |  |  |
| --- | --- | --- |
|  | **Financial planning elements that have been influenced** | **Description of influence** |
| Row 1 | Revenues  Direct costs  Indirect costs  Capital expenditures  Capital allocation  Acquisitions and divestments  Assets | Climate-related issues can affect various areas of Daimler’s financial planning. How and where climate-related risk and opportunities arising from e.g. technological transformation, changing customer demand and regulation influenced financial elements, is described below: Revenues Daimler set ambitious goals towards a sustainable mobility. By the year 2030, depending on the development of the public infrastructure and on customer preferences, we plan that more than 50% of Mercedes-Benz Cars’ unit sale will be xEvs, meaning plug-in hybrids or all-electric vehicles. This can be expected to translate into a share of revenue to be created from alternative drivetrain vehicles. Case Study Indirect Costs Situation: Vehicle production has a crucial role to play on the road to zero-emission mobility. With regard to the energy used there, Mercedes-Benz AG set the target that all facilities worldwide will produce CO2-neutral from 2022. This includes more than 30 passenger car and van plants worldwide and is a further step in the implementation of the "Ambition2039". Task: In order to achieve this goal, strategic decisions are made according to this strategy influencing indirect costs. 100 percent of purchased electricity is planned to come from veriﬁed renewable sources such as wind and water power. As a first step, emissions generated by Mercedes-Benz vehicle production and the energy supply of the plants are consistently reduced or, where possible, avoided altogether. Such energy efficiency projects can positively influence indirect costs. Action: The company's action are based on three strategic pillars: continuous increase in energy efficiency, use of green electricity and implementation of a sustainable heat supply. The company concluded contracts with green power and heat providers. Also, a great number of energy efficiency projects have been realized in the reporting year. Result: In 2019 we installed PV systems on site to supply electricity directly to the plants in Brixworth (UK) and Kassel (Germany). Extensive analyses and planning for the installation of additional major PV systems are under way at many other production locations in Germany and other countries. Our Factory 56, one of the world’s most advanced automobile production systems, is now being built at our Sindelfingen plant: Factory 56 will already be supplied with CO₂-neutral energy when it goes into operation. A photovoltaic system installed on the roof of the production hall will generate green electricity for the manufacturing operations below. By 2022, 100 % of purchased electricity is planned to come from renewable sources such as wind and hydroelectric power facilities. Also, energy efficiency is already a fact of life in production: various measures such as, for example, the optimisation of the lighting and ventilation systems, the intelligent control of the electrical energy supply or the use of efficient and state-of-the-art technology in planning contribute to significant energy savings in the production plants. Thus, additional indirect costs may be outweighed by reductions in energy consumption achieved through efficiency measures. Direct costs Regarding direct costs, the automotive segments of the Daimler Group require certain raw materials for the manufacture of vehicle components and vehicles, which are purchased on the world market. The level of costs depends on the price development of raw materials. Capital expenditure and allocation From a leading position, Daimler wants to play a major role in shaping the fundamental technological transformation of the automotive Industry. This requires extensive investment in innovative products and new technologies, as well as in the expansion of the worldwide production network. Daimler is investing more than one billion euros in its global battery production network. This includes the construction of a battery factories at the polish site in Jawor and in Stuttgart-Untertuerkheim (Germany). The investment in R&D was slightly increased to €9.7 billion in 2019 (2018: €9.1 billion), meaning an increase of 6 percent. Of that amount, €3.1 billion was capitalized as development costs, which represents a capitalization rate of 32%. Research in the year under review focused on new vehicle models, extremely fuel-efficient and environmentally friendly drive systems, new safety technologies, automated and autonomous driving and the digital connectivity of our products. Acquisitions and divestments Daimler wants to play a major role in shaping the fundamental technological transformation of the automotive Industry. Regarding electric vehicles, Daimler and its long-standing partner BAIC Group expanded their strategic cooperation in the new energy vehicle (NEV) sector in March 2018. Through its acquisition of a 3.93 % stake, Daimler has become a shareholder in Beijing Electric Vehicle Co., Ltd., (BJEV), which is a subsidiary of BAIC Group. The investment in BJEV marks a further milestone in the close cooperation between Daimler and BAIC in China and underscores Daimler’s commitment to the further development of electric mobility in the country. Case Study Assets Situation: From a leading position, Daimler wants to play a major role in shaping the fundamental technological transformation of the automotive Industry. This requires extensive investment in innovative products and new technologies, as well as in the expansion of the worldwide production network. Task: Investment in property, plant and equipment will mainly be applied to prepare for the production of new models. We will also use our investment to realign our manufacturing facilities in Germany, to increase local production in the growth markets and to expand our global production network for electric vehicles and batteries. Action: Daimler is investing more than one billion euros in establishing a coordinated global battery production network. This includes the construction of a battery factories at the polish site in Jawor and in Stuttgart-Untertuerkheim (Germany). Result: In total, we are aiming for a production capacity of one million batteries per annum. We plan to invest approximately €14 billion in property, plant and equipment in 2020 and 2021, as well as nearly €19 billion in research and development projects. We will therefore continue to maintain a high level of investment in order to safeguard the future of our Company. |

## **C3.1f**

### **(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

Climate Protection is core element of our sustainable business strategy. Our ambition is to realize more mobility with fewer risk to sustainability and climate. That’s why, we are “changing lanes”, symbolizing shifting the transformation towards sustainable mobility into a higher gear. When developing our sustainable business strategy, we clearly focused on topics related to climate-related risks, and also resource preservation such as water consumption, but also social aspects like human rights. In our sustainable business strategy we have set ourselves the overall goal of making the mobility of the future more sustainable. One of our most important concerns is the reduction of CO2 emissions in order to mitigate climate change risks.

With “Ambition 2039,” we have set ourselves challenging targets. For Mercedes-Benz, for example, this means that we aim to have a CO2-neutral new passenger car fleet worldwide by 2039. With this, we are focusing on the entire lifecycle of our vehicles — from their development to the extraction of raw materials, to production and use, and to their disposal. Daimler Trucks & Buses aims to offer only new vehicles that are CO₂-neutral in driving operation (“tank-to-wheel”) in the triad markets of Europe, Japan, and NAFTA by 2039. Mercedes-Benz Vans is following the Mercedes-Benz Car strategy in its vans for private use and the strategy of Daimler Trucks & Buses for its commercial-vehicle vans.

Our consistent path towards greater climate protection was also scientifically confirmed in 2019 by the Science Based Targets Initiative. The following targets of Mercedes-Benz Cars and Vans are thus in line with the Paris Agreement: We have set the goal to reduce CO2 emissions of the new vehicle fleet during the use phase by 42 percent by 2030 compared to 2018. And regarding our production, we are aiming to achieve an absolute Scope 1 and 2 emission reduction of 50 percent by 2030 compared to 2018.

By 2022, the entire Mercedes-Benz Cars product range is set to be electrified. This means that different electrified alternatives will be available in every segment. And it is our aim that we shall sell more than 50 % of our vehicle fleet so called xEVs, meaning either battery-electric vehicles or plug-in hybrids. A key aspect in the coming years will be the gradual balancing of the powertrain portfolio in consideration of all relevant factors: reduction of CO2 emissions, global customer requirements, but also the efficient use of resources and successful economic activities. To achieve this, we are prioritizing the electrification of our vehicles. The EQ family is growing with the market launch of the EQV (power consumption combined: 26.4-26.3 kWh/100 km; CO2 emissions combined: 0 g/km) and the world premiere of the EQA. We also intend to offer battery-electric commercial vehicles in all core regions by 2022. We already have the eCascadia and eActros all-electric trucks in customer service, the eVito (power consumption combined: 24,9-20,5 kWh/100km; CO2 emission combined: 0 g/km) and eSprinter vans are on the market, and our eCitaro city bus is already in mass production. We plan to produce more than 600,000 batteries for these vehicles in 2020 – in nine factories at seven locations on three continents. At our production facilities, we already achieved our long-term CO2 reduction targets for 2020 in 2019. And starting in 2022, production at all of Daimler’s European plants are planned to be completely CO2-neutral. The Science Based Targets Initiative scientifically verified our consistent path toward greater climate protection in 2019. Our CO2 targets are thus in line with the Paris Climate Agreement. And we are calling on our partners and suppliers to set themselves similarly ambitious targets.

## **C4. Targets and performance**

## **C4.1**

### **(C4.1) Did you have an emissions target that was active in the reporting year?**

Both absolute and intensity targets

## **C4.1a**

### **(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

### **Target reference number**

Abs 1

### **Year target was set**

2013

### **Target coverage**

Country/region

### **Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

### **Base year**

1994

### **Covered emissions in base year (metric tons CO2e)**

2692000

### **Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

80

### **Target year**

2020

### **Targeted reduction from base year (%)**

20

### **Covered emissions in target year (metric tons CO2e) [auto-calculated]**

2153600

### **Covered emissions in reporting year (metric tons CO2e)**

1795000

### **% of target achieved [auto-calculated]**

166.604754829123

### **Target status in reporting year**

Achieved

### **Is this a science-based target?**

No, but we are reporting another target that is science-based

### **Please explain (including target coverage)**

Reduction of absolute CO2 emissions in European plants by 20 percent in the period from the early 1990s to 2020 (time frame of EU climate targets) despite a significant increase in production volume. This is equivalent to the reduction of specific CO2 emissions of the European locations by two-thirds. We make use of comparable technologies for CO2 reduction in non-European plants. Until 2019, we reduced the absolute CO2 emissions from our European plants by 33.3% and therefor achieved our target one year ahead.

### **Target reference number**

Abs 2

### **Year target was set**

2019

### **Target coverage**

Business division

### **Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

### **Base year**

2018

### **Covered emissions in base year (metric tons CO2e)**

1690000

### **Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

58

### **Target year**

2030

### **Targeted reduction from base year (%)**

50

### **Covered emissions in target year (metric tons CO2e) [auto-calculated]**

845000

### **Covered emissions in reporting year (metric tons CO2e)**

1372000

### **% of target achieved [auto-calculated]**

37.6331360946746

### **Target status in reporting year**

New

### **Is this a science-based target?**

Yes, this target has been approved as science-based by the Science-Based Targets initiative

### **Please explain (including target coverage)**

This is a science-based target for the Mercedes-Benz AG, approved by the Science-Based Targets initiative. The direct CO2 emissions by the plants and energy procurement (Scope 1 and 2) will be halved compared to the reference year 2018 by 2030. This production-related reduction target is in line with current scientific findings given a maximum global warming of 1.5 degrees. "Mercedes-Benz AG commits to reduce absolute Scope 1 and 2 GHG emissions 50% by 2030 from a 2018 base year." Mercedes-Benz AG (Mercedes-Benz Cars & Vans) Scope 1&2 emissions in 2018: 1,690,000 t CO2; Covered emissions in 2019: 1,372,000 t CO2 (reduction of 19%).

## **C4.1b**

### **(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

### **Target reference number**

Int 1

### **Year target was set**

2008

### **Target coverage**

Company-wide

### **Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

### **Intensity metric**

Metric tons CO2e per vehicle produced

### **Base year**

2007

### **Intensity figure in base year (metric tons CO2e per unit of activity)**

1.43

### **% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

100

### **Target year**

2020

### **Targeted reduction from base year (%)**

40

### **Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

0.858

### **% change anticipated in absolute Scope 1+2 emissions**

25

### **% change anticipated in absolute Scope 3 emissions**

0

### **Intensity figure in reporting year (metric tons CO2e per unit of activity)**

0.749

### **% of target achieved [auto-calculated]**

119.055944055944

### **Target status in reporting year**

Achieved

### **Is this a science-based target?**

No, but we are reporting another target that is science-based

### **Please explain (including target coverage)**

Our target is the continual reduction of specific CO2 emissions from production operations, to result in 40% lower emissions in 2020 as compared to 2007 throughout all divisions (Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks, Daimler Buses). The target values are calculated separately for each division due to the different products within these divisions. The normalized base year emissions figure given here (1.43) is the value for the Mercedes-Benz Cars division. Still, the target covers 100% of our product range. Reduction for the different divisions in 2019 compared to 2007 Mercedes-Benz Cars: -48%, Trucks: -31%, Vans: -51%, Buses: -23%. Until 2019 we managed to reduce the average specific CO2 emissions from production operations by 44% (compared to 2007) and therefor achieved our target one year ahead of time.

### **Target reference number**

Int 2

### **Year target was set**

2019

### **Target coverage**

Business division

### **Scope(s) (or Scope 3 category)**

Scope 3: Use of sold products

### **Intensity metric**

Grams CO2e per kilometer

### **Base year**

2018

### **Intensity figure in base year (metric tons CO2e per unit of activity)**

223

### **% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

80

### **Target year**

2030

### **Targeted reduction from base year (%)**

42

### **Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

129.34

### **% change anticipated in absolute Scope 1+2 emissions**

0

### **% change anticipated in absolute Scope 3 emissions**

30

### **Intensity figure in reporting year (metric tons CO2e per unit of activity)**

230

### **% of target achieved [auto-calculated]**

-7.47384155455904

### **Target status in reporting year**

New

### **Is this a science-based target?**

Yes, this target has been approved as science-based by the Science Based Targets initiative

### **Please explain (including target coverage)**

This is a science-based target for the Mercedes-Benz AG, approved by the Science Based Targets initiative. Mercedes-Benz AG has set itself the ambitious goal of reducing the greenhouse gas emissions of the new car fleet during the operating phase (part of Scope 3) by more than 40 percent by 2030 compared to 2018. "Mercedes-Benz AG commits to reduce Scope 3 GHG emissions from use of sold products 42% per vehicle kilometer by 2030 from a 2018 base year." Submitted to and confirmed by the SBTi (Scienced Based Targets initiative) Well-to-Wheel emissions (WtW) for the Mercedes-Benz AG (Mercedes-Benz Cars & Mercedes-Benz Vans): Base year (2018) 223 g CO2/km; target year (2030) 130 g CO2/km. These Well-to-Wheel emissions are calculated on a WLTP corresponding basis including a 10% real driving emission correction factor (according to SBTi guidelines). In 2019 the Mercedes-Benz AG WtW emissions increased to 230 g CO2/km. Please note that the numbers in the columns "intensity figure in base year", "intensity figure in target year " and "intensity figure in reporting year" are in "grams CO2 per kilometer"!

## **C4.2**

### **(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Target(s) to increase low-carbon energy consumption or production

## **C4.2a**

### **(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**

### **Target reference number**

Low 1

### **Year target was set**

2019

### **Target coverage**

Country/region

### **Target type: absolute or intensity**

Absolute

### **Target type: energy carrier**

Electricity

### **Target type: activity**

Consumption

### **Target type: energy source**

Renewable energy source(s) only

### **Metric (target numerator if reporting an intensity target)**

Please select

### **Target denominator (intensity targets only)**

<Not Applicable>

### **Base year**

2019

### **Figure or percentage in base year**

47.8

### **Target year**

2022

### **Figure or percentage in target year**

100

### **Figure or percentage in reporting year**

47.8

### **% of target achieved [auto-calculated]**

0

### **Target status in reporting year**

New

### **Is this target part of an emissions target?**

Abs 2

### **Is this target part of an overarching initiative?**

Other, please specify (Ambition 2039)

### **Please explain (including target coverage)**

This target is part of our Ambition 2039. To reduce emissions in our German plants, all purchased electricity will come from verifiable renewable sources only until 2022 the latest. An electricity contract for all Daimler plants in Germany will ensure that their energy needs will be fully covered at all times by wind, solar, and hydroelectric power. Overall this target will help to fulfill our science-based target to reduce our Scope 1 & 2 emissions by 50% until 2030 compared to 2018.

## **C4.3**

### **(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

## **C4.3a**

### **(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

|  |  |  |
| --- | --- | --- |
|  | **Number of initiatives** | **Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked \*)** |
| Under investigation | 120 |  |
| To be implemented\* | 168 | 22700 |
| Implementation commenced\* | 115 | 18600 |
| Implemented\* | 315 | 23700 |
| Not to be implemented | 102 |  |

## **C4.3b**

### **(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in production processes | Process optimization |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

2400

### **Scope(s)**

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

590000

### **Investment required (unit currency – as specified in C0.4)**

0

### **Payback period**

No payback

### **Estimated lifetime of the initiative**

Ongoing

### **Comment**

Within the reporting period 2019, more than 300 efficiency and emission reduction projects could be implemented successfully and account to Daimler's efficiency activities. One example on an individual Project is the elimination of the adhesive dryer in the car body construction at the Mercedes-Benz plant in Rastatt, Germany. An annual Emission reduction of 2,400 t CO2 could be achieved. With realization of this activity, we can reduce our electricity consumption (Scope 2 – related target: science-based target -50% reduction of Scope 1 &2 by 2030). The investments costs are minimal and in this case negligible.

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in buildings | Heating, Ventilation and Air Conditioning (HVAC) |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

1600

### **Scope(s)**

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

200000

### **Investment required (unit currency – as specified in C0.4)**

0

### **Payback period**

No payback

### **Estimated lifetime of the initiative**

Ongoing

### **Comment**

Within the reporting period 2019, more than 300 efficiency and emission reduction projects could be implemented successfully and account to Daimler's efficiency activities. One example on an individual Project is the implementation of a reset schedule control to reduce the power consumption of fans at the Mercedes-Benz Cars plant in Tuscaloosa. With realization of this activity, we can reduce our electricity consumption (Scope 2 – related target: science-based target -50% reduction of Scope 1 &2 by 2030). The investments costs are minimal and in this case negligible.

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in buildings | Lighting |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

8500

### **Scope(s)**

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

3400000

### **Investment required (unit currency – as specified in C0.4)**

920000

### **Payback period**

4-10 years

### **Estimated lifetime of the initiative**

Ongoing

### **Comment**

In order to reduce the number of individual measures that can be reported, the activities were aggregated in cluster where feasible. Within our internal emissions reduction reporting system, projects that focus on lightning is one activity cluster. In the reporting year 2019, more the 120 measures related to the optimization of lightning equipment were realized. Through this around 8,400 tonnes CO2 emission could be saved. The aggregated amount of annual financial savings amount to 3,400,000 Euro. The invest costs that are reported to this date sum up for at least 920,000 Euro (minimum value of range).

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in production processes | Other, please specify (Various projects in order to optimize process efficiency through e.g. optimized ventilation, energy management, operation schedules, compressed air and others) |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

5700

### **Scope(s)**

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

750000

### **Investment required (unit currency – as specified in C0.4)**

0

### **Payback period**

No payback

### **Estimated lifetime of the initiative**

Ongoing

### **Comment**

Within the reporting period 2019, more than 300 efficiency and emission reduction projects could be implemented successfully and account to Daimler's efficiency activities. In order to reduce the number of individual measures that can be reported, the activities were aggregated. Around 25 measures in the context of process efficiency including energy management, intelligent Operation schedules, compressed air optimization and others were identified. The investments costs for each individual measure are minimal and in this case negligible.

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in production processes | Compressed air |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

1750

### **Scope(s)**

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

660000

### **Investment required (unit currency – as specified in C0.4)**

0

### **Payback period**

No payback

### **Estimated lifetime of the initiative**

Ongoing

### **Comment**

Within the reporting period 2019, more than 300 efficiency and emission reduction projects could be implemented successfully and account to Daimler's efficiency activities. In order to reduce the number of individual measures that can be reported, the activities were aggregated. Around 40 measures in the context of compressed air (energy efficiency in production process) were identified. The investments costs for each individual measure are minimal and in this case negligible.

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in buildings | Heating, Ventilation and Air Conditioning (HVAC) |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

3000

### **Scope(s)**

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

560000

### **Investment required (unit currency – as specified in C0.4)**

0

### **Payback period**

No payback

### **Estimated lifetime of the initiative**

Ongoing

### **Comment**

Within the reporting period 2019, more than 300 efficiency and emission reduction projects could be implemented successfully and account to Daimler's efficiency activities. In order to reduce the number of individual measures that can be reported, the activities were aggregated. Around 20 measures in the context of energy efficiency in Buildings (e.g. Ventilation) were identified. The investments costs for each individual measure are minimal and in this case negligible.

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Company policy or behavioral change | Resource efficiency |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

500

### **Scope(s)**

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

200000

### **Investment required (unit currency – as specified in C0.4)**

0

### **Payback period**

No payback

### **Estimated lifetime of the initiative**

Ongoing

### **Comment**

Within the reporting period 2019, more than 300 efficiency and emission reduction projects could be implemented successfully and account to Daimler's efficiency activities. In order to reduce the number of individual measures that can be reported, the activities were aggregated. Around 40 measures in the context of employee motivation and behavior change (Switch-off, sensitization) were identified. The investments costs for each individual measure are minimal and in this case negligible.

## **C4.3c**

### **(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

|  |  |
| --- | --- |
| **Method** | **Comment** |
| Employee engagement | The best way to support Daimler’s commitment to climate protection is both individual initiative and team efforts by groups of employees working together with suppliers and others. Throughout the Company’s history, our employees have worked hard to improve products and processes while achieving our goals of continuous improvement in environmental performance. For that reason Daimler presents its global Environmental Leadership Award (ELA), to attract attention to extraordinary efforts and to encourage those who work to foster a pro-environmental culture within Daimler. Since many years, the idea management at Daimler enables employees to contribute their experience, ideas and creativity to increasing efficiency and optimising processes within the company. In case of realization of an idea, the employee will receive a monetary reward depending on the impact of the implemented optimization and other criteria. |
| Internal price on carbon | At several production sites we have installed combined heat and power (CHP) plants as a very efficient technology to generate electricity from natural gas. In the European Union these power plants are subject to the European Union Emissions Trading Scheme (ETS). This is a certificate based system which aims at cutting overall emissions and putting a price on carbon. Certificates can be traded at a volatile price that depends on supply and demand. At Daimler, we have set up a central administrative body that controls the certificates account. The individual production sites have to purchase certificates from the central account in case that they exceed their emissions budget. This system translates the EU trading scheme into an internal trading scheme, incentivising the reduction of GHG emissions at a plant level. |
| Dedicated budget for low-carbon product R&D | Mercedes-Benz Cars is investing approximately €10 billion in the expansion of the electric ﬂeet and more than €1 billion in the development of battery production. We are developing an independent modular and scalable electric-vehicle platform that will enable us to oﬀer a high degree of ﬂexibility in terms of variants and models. |
| Dedicated budget for energy efficiency | We strive for carbon-neutral production. Our Factory 56 is the blueprint: This new addition to our Sindelfingen plant uses renewable energy and will be CO2-neutral from the start. Next, all of our European plants will follow by 2022. Our new production site in Jawor, Poland, shows how sustainability and cost efficiency go together: Not only does wind power make production greener, it also makes it more economical at this site than possible with conventional power. Electricity from renewable sources will also be used for production of the EQC (power consumption combined: 21.3–20.2 kWh/100 km; CO₂ emissions combined: 0 g/ km) at our plant in Bremen and our battery production in Kamenz, Saxony. A holistic view on carbon cutting also includes the recycling of raw materials. Mercedes cars have a potential recycling ratio of 85 percent. So, we are moving from a value chain to a value cycle. Weitere Informationen zum offiziellen Kraftstoffverbrauch und den offiziellen spezifischen CO2-Emissionen neuer Personenkraftwagen können dem ‚Leitfaden über den Kraftstoffverbrauch und die CO2-Emissionen neuer Personenkraftwagen‘ entnommen werden, der an allen Verkaufsstellen und bei der Deutschen Automobil Treuhand GmbH unter www.dat.de unentgeltlich erhältlich ist. |

## **C4.5**

### **(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

Yes

## **C4.5a**

### **(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

### **Level of aggregation**

Group of products

### **Description of product/Group of products**

In order to decrease our emissions further, we are switching our entire product portfolio to the latest engine generations and expanding our range of plug-in hybrids and all-electric vehicles. In our car Portfolio we already have 15 models that are either all-electric or electrified with at least a plug-in hybrid drive system. By 2025 Mercedes-Benz Cars is planning to launch more than ten all-electric cars on the market — in all segments, from the smart to the SUVs. We are investing about €10 billion in expanding our fleet of electric vehicles and more than €1 Billion in expanding battery production, and we are buying battery cells for more than €20 billion in order to systematically promote our Group’s entry into an electrically driven future. We are making it possible for our customers to take advantage of user-friendly electric mobility services, and we are also participating in the expansion of the battery-charging infrastructure. Under our new EQ brand, which stands for “Electric Intelligence,” we offer vehicles and services connected with electric mobility. The all-electric Mercedes-Benz EQC (power consumption combined: 21.3–20.2 kWh/100 km; CO₂ emissions combined: 0 g/ km) was presented in Stockholm in 2018 and delivered to customers for the first time in 2019. Thanks to its intelligent Operation strategy, it has an electric range of up to 454 Kilometers (NEDC). One reason for this is that unlike many other electric vehicles, the EQC charges its batteries during driving as well. In order to take full advantage of its emission-free electric drive system, the EQC has a completely new drive system with intelligent control. In addition, connected services and functions make this vehicle easier to drive. For example, drivers can plan their future trips in advance — from the office or the living room — and receive an intelligently planned route, including charging stops and the time of arrival. Weitere Informationen zum offiziellen Kraftstoffverbrauch und den offiziellen spezifischen CO2-Emissionen neuer Personenkraftwagen können dem ‚Leitfaden über den Kraftstoffverbrauch und die CO2-Emissionen neuer Personenkraftwagen‘ entnommen werden, der an allen Verkaufsstellen und bei der Deutschen Automobil Treuhand GmbH unter www.dat.de unentgeltlich erhältlich ist.

### **Are these low-carbon product(s) or do they enable avoided emissions?**

Low-carbon product

### **Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify (EN ISO 14040/44, LCA)

### **% revenue from low carbon product(s) in the reporting year**

### **% of total portfolio value**

<Not Applicable>

### **Asset classes/ product types**

<Not Applicable>

### **Comment**

In the reporting year 2019, cars with hybrid drive systems and battery electric cars made up for 2.3% of our units sold. The share of these respective cars therefore increased by appr. 5% compared to 2018. Our goal is to have plug-in hybrids or all-electric vehicles account for more than 50 percent of our car sales by 2030. We want to electrify the entire portfolio of Mercedes-Benz Cars by 2022. This means that we plan to offer various electric alternatives to our customers in every segment, ranging from smarts to large SUVs. By 2025, we expect all-electric models to account for up to 25 percent of all the cars we sell. The ultimate goal is to achieve CO₂ neutrality for our new car fleet by 2039: This applies to all the stages of the value chain — from the supply chain to production, the vehicle use phase, and vehicle disposal and recycling.

## **C5. Emissions methodology**

## **C5.1**

### **(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

### **Scope 1**

### **Base year start**

January 1 2010

### **Base year end**

December 31 2010

### **Base year emissions (metric tons CO2e)**

932000

### **Comment**

### **Scope 2 (location-based)**

### **Base year start**

January 1 2010

### **Base year end**

December 31 2010

### **Base year emissions (metric tons CO2e)**

2550000

### **Comment**

### **Scope 2 (market-based)**

### **Base year start**

January 1 2016

### **Base year end**

December 31 2016

### **Base year emissions (metric tons CO2e)**

1882000

### **Comment**

Since 2016, the “market-based” and “location-based” accounting approach have been implemented in accordance with GHG Protocol Scope 2 Guidance. Since then, the market-based approach has been the standard accounting approach. The historical data for 2006-2015 were calculated using a method similar to the location-based approach.

## **C5.2**

### **(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

## **C6. Emissions data**

## **C6.1**

### **(C6.1) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?**

### **Reporting year**

### **Gross global Scope 1 emissions (metric tons CO2e)**

1239000

### **Start date**

<Not Applicable>

### **End date**

<Not Applicable>

### **Comment**

## **C6.2**

### **(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.**

### **Row 1**

### **​Scope 2, location-based​**

We are reporting a Scope 2, location-based figure

### **Scope 2, market-based**

We are reporting a Scope 2, market-based figure

### **Comment**

## **C6.3**

### **(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?**

### **Reporting year**

### **Scope 2, location-based**

1706000

### **Scope 2, market-based (if applicable)**

1276000

### **Start date**

<Not Applicable>

### **End date**

<Not Applicable>

### **Comment**

Due to different times of data retrieval from our internal system, there are minor differences (≤2%) between the figure of the gross global Scope 2 location-based emissions shown in C6.3 and the country-specific Scope 2 location-based emissions shown in C7.5.

## **C6.4**

### **(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

Yes

## **C6.4a**

### **(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.**

### **Source**

Emissions of greenhouse gases other than CO2 are not reported across the Group at this time.

### **Relevance of Scope 1 emissions from this source**

Emissions are not relevant

### **Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

### **Relevance of market-based Scope 2 emissions from this source (if applicable)**

Emissions are not relevant

### **Explain why this source is excluded**

There are minor emissions of climate-relevant gases. These emissions make up for a minimal portion of our overall GHG emissions only. In order to provide a consistent CO2 figure we do not include this negligible share of CO2 equivalents.

## **C6.5**

### **(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.**

### **Purchased goods and services**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

21600000

### **Emissions calculation methodology**

We provide environmental certificates for most of our Mercedes-Benz models. Part of every environmental certificate is a detailed life cycle assessment (LCA) - reaching from the extraction of the raw materials to the manufacture and use of the vehicle, through to its end-of-life treatment. For a complete assessment, within each life cycle phase all inputs and outputs are evaluated. The detailed analyses extend to the consumption and processing of resources such as bauxite (aluminium production), iron ore or copper ore. The LCA enables us to sum up CO2 emissions and other environmental impacts (e.g. acidification potential, eutrophication potential) from the very upstream of the life cycle, including CO2 emissions from "Purchased goods & services". In order to calculate an emissions figure we first needed to separate the share of Scope 3 (purchase) from the shares of Scope 1 and Scope 2 (in-house production) inside the LCA. Therefore, we took a close look at the compliance of our determination of Scope 1 and 2 with the process coverage of our life-cycle assessment. The number given represents upstream emissions based on the LCA for each models ECE base variant. The models that we do not provide an environmental certificate for so far were assigned to other matching models. The figure provided in 2018 showed Mercedes-Benz Cars only. Due to the restructuring of the company the figure in 2019 is for Mercedes-Benz Cars and Mercedes-Benz Vans (Mercedes-Benz AG). The figure provided in the sustainability report 2019 (p. 98) for is for an average Mercedes-Benz Cars vehicle.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

95

### **Please explain**

### **Capital goods**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

1316000

### **Emissions calculation methodology**

An environmentally extended input-output analysis was conducted in cooperation with our environmental data handling partner think step. The CO2 figure is based on financial investments. Investments under consideration include: technical equipment and machinery, other equipment, factory and office equipment. Investments for technical equipment and machinery were €1,096 million. Investments for factory, office and other equipment were €1,992 million. These investments were multiplied by industry-specific emission factors provided by our data partner.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

### **Fuel-and-energy-related activities (not included in Scope 1 or 2)**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

197000

### **Emissions calculation methodology**

Every year we measure and account for our group-wide energy consumption. Direct emissions are reported along with the Scope 1 and Scope 2 figures. We calculate the Scope 3 CO2 emissions figure by multiplying energy consumption with the appropriate upstream emission factors. We use upstream emission factors for Germany as we cannot provide equal data quality for all countries. This might lead to a slight uncertainty in our CO2e emissions. We considered the following energy sources: natural gas, district heating, fuel oil, liquefied petroleum gas (LPG), coal and fuels/gasoline. From 2014 on we do not consider electricity anymore as we include grid loss in our Scope 2 emission factor for electricity. Our 2019 consumption was as follows: - Electricity: 4,107 GWh (not considered within this category anymore, see text explanation above) - Natural gas: 5,289 GWh - District heating: 815 GWh - Fuel oil: 102 GWh - Liquefied petroleum gas (LPG): 72 GWh - Coal: 45 GWh - Fuel: 857 GWh

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

### **Upstream transportation and distribution**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

251000

### **Emissions calculation methodology**

We report upstream transportation and distribution emissions in accordance with our annual Sustainability Report. Truck deliveries to our German plants, to the Hungarian plant in Kecskemét and the plant in Vitoria, Spain, are monitored centrally. We can approximate the CO2 emissions on the basis of the tonnage and truck kilometers travelled. For the CO2 figure we use emission factors from HBEFA (Handbook Emission Factors for Road Transport). Taking into account the average load factors (%) on each route, we calculate a specific CO2 factor based on a representative heavy-duty vehicle fleet.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

50

### **Please explain**

### **Waste generated in operations**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

906000

### **Emissions calculation methodology**

Our company's waste volumes in 2019: - Waste for disposal: 28,000 tonnes - Waste for reuse: 303,000 tonnes (excluding scrap metal) - Scrap metal for reuse: 830,000 tonnes - Hazardous waste for disposal: 10,000 tonnes - Hazardous waste for reuse: 79,000 tonnes. In order to determine an overall CO2 figure we use emission factors from the GaBi 5 data base by think step for each waste category.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

### **Business travel**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

70800

### **Emissions calculation methodology**

Business travel is booked via our corporate travel management. In 2019, business trips from German locations resulted in the emission of 100 tonnes of CO2 from trains (source of emission factors: Deutsche Bahn AG, long-distance travel carbon neutral) and 70,700 tonnes of CO2 from plane (source of emission factors: Germanwatch e. V.). This accounts for appr. 70% of the group's total number of employees. Climate impact through business travel using the internal car fleet is reported with the company's Scope 1 emissions.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

### **Employee commuting**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

296000

### **Emissions calculation methodology**

For this category we follow the "Average data based approach". It is unlikely to assume that commuting behavior amongst employees in plants in Japan, Brazil, South Africa, United States, Great Britain, Mexico, etc. is equal to the one observed amongst their German colleagues. Distances, modes, and speeds, chosen means of transportation, occupancy rates of vehicles, are highly influenced by socio demographic attributes, infrastructural circumstances, mobility demands, etc. and varies also amongst transitional and developing countries. We use country specific emission factors (U.S. National Household Travel Survey, the British National Travel Survey, the Mobility in Germany Study etc.) to calculate the emissions. Based on all this data, one is finally able to calculate for each country an average employee’s daily CO2 emissions caused by commuting. Multiplying this inner term with each country’s number of employees and annual workdays and summing all this up, results in the total global emissions caused during annual work related travel.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

### **Upstream leased assets**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

The source "Upstream leased assets" covers emissions from assets leased by the reporting company. Daimler has installed offices in different leased objects, e.g. for minor parts of the administration or local representation offices in foreign countries. A lot of work would have to be put into emission accounting for these assets - details on infrastructure, energy supply and service agreements for every asset would have to be considered - while the resulting figure would not be an industry-specific one. By far the largest parts of our company's GHG emissions arise from the following fields: Scope 1, Scope 2, Scope 3 "Purchased goods and services" and Scope 3 "Use of sold products". We estimate emissions from leased assets (upstream) to be far less than 1% of our total Scope 3 emissions.

### **Downstream transportation and distribution**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

600000

### **Emissions calculation methodology**

"Downstream transportation and distribution" covers emissions between the point of sale and the end consumer's home. The products sold by Daimler are usually purchased directly at a retailer without intermediate third-party transportation. Therefore the emissions beyond the point of sale are attributed to the products' use phase and should be reported as part of the "Use of sold products" emissions figure. The emissions for this category would therefore be equal to 0 in case that the "point of sale" is owned by Daimler. If the point of sale is defined as the place where a product undergoes its final manufacturing step, then transportation towards our retailers is relevant for "Downstream transportation and distribution". In order to analyse both possible interpretations of the Scope 3 standard we calculated an emissions figure that represents downstream transportation from our plants to our worldwide retailers. According to GRI indicator EN1 we analysed the "direct materials" that are present in our final products. In 2019 we identified 7,750,000 tonnes of "direct materials". Using this weight figure and the distribution of our sales to different continents we determined a transport CO2 figure on an aggregate level. The tool we used is EcoTransIT World. There are many uncertainties in this calculation as we do not know the destination and transport route of each of our products.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

### **Processing of sold products**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

100000

### **Emissions calculation methodology**

Most of our products are ready for sale when they leave our production sites. However, there is a little proportion of our truck and van portfolio that undergoes further processing before being sold to a customer, e.g. truck and bus chassis that are sold to other manufacturers. Based on our production figures we identified the number of truck and bus chassis that underwent production steps outside of our facilities. We did not determine the exact number of products that might have undergone further processing due to the minor relevance of this category to our overall Scope 3 emissions. Based on lifecycle assessments for some of our trucks and buses we examined the CO2 intensity of the production steps that follow after finishing the chassis. We multiplied this amount of CO2 with the number of chassis sold to generate an emissions figure.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

### **Use of sold products**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

117200000

### **Emissions calculation methodology**

The specific values for cars sold in the EU (WLTP), the USA (FTP-75: EPA Federal Test Procedure), China (NEDC) and Rest of World (average of EU, USA, China) are used. Since 2019 is the first year we changed to WLTP, emission numbers are higher than before. Also, this is the number for Mercedes Benz AG. The number of Mercedes-Benz, smart and Maybach cars (2,385,400) and the numbers of vans (405,322) sold in 2019 are multiplied with the European, USA, China and RoW average specific CO2 emissions and an annual mileage of 20,000 km. Assuming a 10-year use phase CO2 emissions from cars and vans sold in 2019 add up to 103,400,000 tonnes (Cars: 83,400,000; Vans: 20,000,000) for the vehicle lifetime of 200,000 km (until 2018 we calculated the emissions for the use of sold products for a vehicle lifetime of 150,000 km). Including the fuel & electricity production with approximately 13,800,000 tonnes the CO2 emissions sum up to 117,200,000 tonnes.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

### **End of life treatment of sold products**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

1200000

### **Emissions calculation methodology**

All Mercedes-Benz and smart cars sold in 2019 are multiplied with the respective end-of-life CO2-emissions based on the life cycle assessment published in the environmental certificates. Daimler's environmental certificates provide model specific end-of-life emissions for 95% of the vehicles sold in 2019, including all top-selling models. We estimated the respective emissions figure for models that have not undergone a life cycle assessment yet.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

95

### **Please explain**

### **Downstream leased assets**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

"Downstream leased assets" covers emissions arising from the use of assets that are owned by Daimler but leased by third parties. Such assets exist only in small amounts. From today's point of view it is not possible to quantify emissions from the category "Downstream leased assets". In order to create a figure we would have to determine the type of lease contract for every leased asset to differentiate between capital/finance and operating lease. After that we could use an input-output calculation to estimate emissions. Even with a lot of effort being put into this emissions category no reliable number could be calculated. Our lease activities do not directly underlie our other operations, so there is no significant link between our emissions from leased assets (downstream) and our company's business or environmental performance. By far the largest parts of our company's GHG emissions arise from the following fields: Scope 1, Scope 2, Scope 3 "Purchased goods and services" and Scope 3 "Use of sold products".

### **Franchises**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

672000

### **Emissions calculation methodology**

Daimler understands franchise as a business operating under license to sell or distribute franchisor´s goods and services within a certain location. In this category the emission to assess are scope 1 and scope 2 emission occurring at dealership which may occur due to heating, cooling, lighting etc. the Daimler Global Standard Source for Networkdata (GSSN) system, the main database in use to supervise the retail and service network, states 7071 global outlet sites selling Daimler products. It is not practicable to retrieve consumption data from all those outlets. Instead, one may be able to retrieve energy consumption numbers or emission numbers for a sample of dealerships, which can be extrapolated to the global level. Due to the energy management report of the Daimler`s branches in Germany, each site causes 95 metric tonnes CO2 yearly. Based on the German calculation the worldwide franchise network of Daimler, the dealership emit 672,000 tonnes CO2.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

### **Investments**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

This emission category is applicable for companies operating in the investment and financial services business. With its division "Daimler Financial Services" Daimler indeed operates in the financial business. Yet, revenue at Daimler Financial Services is mainly generated through direct business, i.e. sales financing, leasing and insurance for our own vehicles. Emissions from our vehicles are reported along with Scope 1 + 2 for production and Scope 3 for purchased goods, use and disposal.

### **Other (upstream)**

### **Evaluation status**

Not evaluated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

### **Other (downstream)**

### **Evaluation status**

Not evaluated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

## **C6.7**

### **(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

No

## **C6.10**

### **(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

### **Intensity figure**

0.000014559

### **Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

2515000

### **Metric denominator**

unit total revenue

### **Metric denominator: Unit total**

172745000000

### **Scope 2 figure used**

Market-based

### **% change from previous year**

16.94

### **Direction of change**

Decreased

### **Reason for change**

We constantly introduce new energy and emission reduction measures (e.g. increasing the share of renewable energy) to increase the efficiency of our operations and decrease GHG emissions. Each year we evaluate the potential for energy reduction and we introduce new projects. In 2019, our revenue increased to €172,745 million (€167,362 million in 2018). Combined Scope 1 and 2 emissions decreased to 2,516,000 metric tonnes (2,934,000 metric tonnes in 2018). The reduction of CO2 emissions as a result of our energy and emission reduction measures combined with an increase in revenue led to a 16,94% decrease of the given intensity figure from 2018 (0.0000175279 metric tonnes CO2/€) to 2019 (0.0000145590 metric tonnes CO2/€).

### **Intensity figure**

0.741331

### **Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

1181294

### **Metric denominator**

unit of production

### **Metric denominator: Unit total**

1593476

### **Scope 2 figure used**

Market-based

### **% change from previous year**

13.71

### **Direction of change**

Decreased

### **Reason for change**

This is the specific CO2 emissions figure (Scope 1 + 2) for the business unit Mercedes-Benz Cars. We were able to reduce our absolute emissions (2018: 1,484,243 t CO2) by increasing the share of renewable energy, therefore the specific emissions decreased in 2019 compared with 2018 even with lower production figures. The intensity figure decreased from 0.859 in 2018 to 0.741 in 2019. We publish these intensity figures within our yearly Sustainability Report. The figures are calculated separately for each business unit. The products and production depth of our business units are very diverse. If we would publish an overall intensity figure for cars, vans, buses and trucks, shifts in the production volumes could have a bigger influence than real emissions reduction measures. 2018: Metric numerator 1,484,243 t CO2; Metric denominator 1,727,673 cars. (Please note that this figure differs from the one in the Sustainability Report. The following applies to the Sustainability Report: As we consume fuels for non-production purposes (including company vehicles, test stands), we do not consider the fuels for our production-related goals (energy, CO2). For this reason, the specific energy consumption and CO2 emissions (measured per vehicle produced), which constitute the basis for the tracking of our production-related goals, are published without fuel consumption.)

### **Intensity figure**

1.666287734

### **Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

803244

### **Metric denominator**

unit of production

### **Metric denominator: Unit total**

482056

### **Scope 2 figure used**

Market-based

### **% change from previous year**

2.36

### **Direction of change**

Decreased

### **Reason for change**

This is the specific CO2 emissions figure (Scope 1 + 2) for the business unit Daimler Trucks. We managed again to reduce the GHG intensity figure of our production of Daimler Trucks from 1.707 in 2018 to 1.666 in 2019 by reducing the absolute emissions (895,824 t CO2 in 2018 to 803,244 t CO2 in 2019) by increasing the share of renewable energy. Although the unit of production decreased from 524,930 in 2018 to 482,056 in 2019. We publish these intensity figures within our yearly Sustainability Report. The figures are calculated separately for each business unit. The products and production depth of our business units are very diverse. If we would publish an overall intensity figure for cars, vans, buses and trucks, shifts in the production volumes could have a bigger influence than real emissions reduction measures. 2018: Metric numerator 895,824 t CO2; Metric denominator 524,930. (Please note that this figure differs from the one in the Sustainability Report. The following applies to the Sustainability Report: As we consume fuels for non-production purposes (including company vehicles, test stands), we do not consider the fuels for our production-related goals (energy, CO2). For this reason, the specific energy consumption and CO2 emissions (measured per vehicle produced), which constitute the basis for the tracking of our production-related goals, are published without fuel consumption.)

### **Intensity figure**

0.517179454

### **Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

190938

### **Metric denominator**

unit of production

### **Metric denominator: Unit total**

369191

### **Scope 2 figure used**

Market-based

### **% change from previous year**

4.6

### **Direction of change**

Decreased

### **Reason for change**

This is the specific CO2 emissions figure (Scope 1 + 2) for the business unit Mercedes-Benz Vans. The intensity figure decreased from 0.542 in 2018 to 0.517 in 2019 due to higher production numbers and an increased share of renewable energy. We publish these intensity figures within our yearly Sustainability Report. The figures are calculated separately for each business unit. The products and production depth of our business units are very diverse. If we would publish an overall intensity figure for cars, vans, buses and trucks, shifts in the production volumes could have a bigger influence than real emissions reduction measures. 2018: Metric numerator 194,336 t CO2; Metric denominator 358,476 vans. (Please note that this figure differs from the one in the Sustainability Report. The following applies to the Sustainability Report: As we consume fuels for non-production purposes (including company vehicles, test stands), we do not consider the fuels for our production-related goals (energy, CO2). For this reason, the specific energy consumption and CO2 emissions (measured per vehicle produced), which constitute the basis for the tracking of our production-related goals, are published without fuel consumption.)

### **Intensity figure**

2.110239638

### **Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

68070

### **Metric denominator**

unit of production

### **Metric denominator: Unit total**

32257

### **Scope 2 figure used**

Market-based

### **% change from previous year**

4.88

### **Direction of change**

Decreased

### **Reason for change**

This is the specific CO2 emissions figure (Scope 1 + 2) for the business unit Daimler Buses. We managed to reduce the energy and GHG intensity of our production of Daimler Buses due to an increased share of renewable energy and higher production numbers. We publish these intensity figures within our yearly Sustainability Report. The figures are calculated separately for each business unit. The products and production depth of our business units are very diverse. If we would publish an overall intensity figure for cars, vans, buses and trucks, shifts in the production volumes could have a bigger influence than real emissions reduction measures. 2018: Metric numerator 69,287 t CO2; Metric denominator 31,233 buses; Intensity figure 2.218. (Please note that this figure differs from the one in the Sustainability Report. The following applies to the Sustainability Report: As we consume fuels for non-production purposes (including company vehicles, test stands), we do not consider the fuels for our production-related goals (energy, CO2). For this reason, the specific energy consumption and CO2 emissions (measured per vehicle produced), which constitute the basis for the tracking of our production-related goals, are published without fuel consumption.)

### **Intensity figure**

0.905758625

### **Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

2243546

### **Metric denominator**

unit of production

### **Metric denominator: Unit total**

2476980

### **Scope 2 figure used**

Market-based

### **% change from previous year**

9.47

### **Direction of change**

Decreased

### **Reason for change**

This is the specific CO2 emissions figure (Scope 1 + 2) for Daimler. We were able to reduce our absolute emissions (2018: 2,643,690 t CO2), specific emissions decreased in 2019 compared with 2018 despite having lower production figures. The intensity figure decreased from 1.001 in 2018 to 0.906 in 2019. 2018: Metric numerator 2,643,690 t CO2; Metric denominator 2,642,312 units; Intensity figure 1.001 We publish the intensity figures for each business unit within our yearly Sustainability Report. The figures are calculated separately for each business unit. The products and production depth of our business units are very diverse. Regarding the overall intensity figure for cars, vans, buses and trucks, shifts in the production volumes have a bigger influence than real emissions reduction measures. (Please note that this figure differs from the one in the Sustainability Report. The following applies to the Sustainability Report: As we consume fuels for non-production purposes (including company vehicles, test stands), we do not consider the fuels for our production-related goals (energy, CO2). For this reason, the specific energy consumption and CO2 emissions (measured per vehicle produced), which constitute the basis for the tracking of our production-related goals, are published without fuel consumption.)

## **C7. Emissions breakdowns**

## **C7.1**

### **(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

No

## **C7.2**

### **(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

|  |  |
| --- | --- |
| **Country/Region** | **Scope 1 emissions (metric tons CO2e)** |
| Argentina | 13429 |
| Brazil | 28338 |
| Czechia | 7418 |
| France | 13538 |
| Germany | 850755 |
| Hungary | 19189 |
| India | 7363 |
| Indonesia | 41 |
| Italy | 437 |
| Japan | 39966 |
| Mexico | 53047 |
| Poland | 344 |
| Portugal | 1077 |
| Romania | 4854 |
| Slovenia | 578 |
| South Africa | 8513 |
| Spain | 22214 |
| Switzerland | 176 |
| Turkey | 27399 |
| United Kingdom of Great Britain and Northern Ireland | 7353 |
| United States of America | 131469 |
| Viet Nam | 1284 |

## **C7.3**

### **(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By business division

## **C7.3a**

### **(C7.3a) Break down your total gross global Scope 1 emissions by business division.**

|  |  |
| --- | --- |
| **Business division** | **Scope 1 emissions (metric ton CO2e)** |
| Mercedes-Benz Cars | 493886 |
| Daimler Trucks | 401117 |
| Mercedes-Benz Vans | 131994 |
| Daimler Buses | 38678 |
| Other corporate departments | 173107 |

## **C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4**

### **(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization’s total gross global Scope 1 emissions by sector production activity in metric tons CO2e.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Gross Scope 1 emissions, metric tons CO2e** | **Net Scope 1 emissions , metric tons CO2e** | **Comment** |
| Cement production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Chemicals production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Coal production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Electric utility activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Metals and mining production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (upstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (midstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (downstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Steel production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport OEM activities | 1065675 | <Not Applicable> | These are the gross Scope 1 emissions for Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks and Daimler Buses. |
| Transport services activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |

## **C7.5**

### **(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Country/Region** | **Scope 2, location-based (metric tons CO2e)** | **Scope 2, market-based (metric tons CO2e)** | **Purchased and consumed electricity, heat, steam or cooling (MWh)** | **Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)** |
| Argentina | 5738 | 9836 | 35940 | 11271 |
| Brazil | 20416 | 21684 | 185334 | 154068 |
| Czechia | 11382 | 11382 | 22765 | 9463 |
| France | 4461 | 1202 | 64565 | 62918 |
| Germany | 1187526 | 763578 | 3388152 | 1417110 |
| Hungary | 21923 | 23901 | 82416 | 49326 |
| India | 35245 | 16115 | 53181 | 30847 |
| Indonesia | 2158 | 2385 | 2806 | 359 |
| Italy | 728 | 789 | 2420 | 900 |
| Japan | 37580 | 36353 | 71992 | 12332 |
| Mexico | 40373 | 44605 | 84679 | 15733 |
| Poland | 759 | 759 | 1071 | 150 |
| Portugal | 1297 | 1370 | 3614 | 1987 |
| Romania | 23060 | 0 | 67229 | 67229 |
| Slovenia | 1682 | 3884 | 6420 | 4300 |
| South Africa | 58668 | 67143 | 65187 | 6597 |
| Spain | 31991 | 771 | 111230 | 110969 |
| Switzerland | 14 | 14 | 500 | 474 |
| Turkey | 13415 | 13415 | 29107 | 9594 |
| United Kingdom of Great Britain and Northern Ireland | 4505 | 4942 | 18386 | 8404 |
| United States of America | 235712 | 244414 | 615655 | 207345 |
| Viet Nam | 3303 | 7927 | 9175 | 0 |

## **C7.6**

### **(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By business division

## **C7.6a**

### **(C7.6a) Break down your total gross global Scope 2 emissions by business division.**

|  |  |  |
| --- | --- | --- |
| **Business division** | **Scope 2, location-based (metric tons CO2e)** | **Scope 2, market-based (metric tons CO2e)** |
| Mercedes-Benz Cars | 942558 | 687408 |
| Daimler Trucks | 480690 | 402127 |
| Mercedes-Benz Vans | 100842 | 58944 |
| Daimler Buses | 38332 | 29392 |
| Other corporate departments | 143869 | 98600 |

## **C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7**

### **(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization’s total gross global Scope 2 emissions by sector production activity in metric tons CO2e.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Scope 2, location-based, metric tons CO2e** | **Scope 2, market-based (if applicable), metric tons CO2e** | **Comment** |
| Cement production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Chemicals production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Coal production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Metals and mining production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (upstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (midstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (downstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Steel production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport OEM activities | 1562423 | 1177870 | These are the gross Scope 2 emissions for Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks and Daimler Buses. |
| Transport services activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |

## **C-TO7.8**

### **(C-TO7.8) Provide primary intensity metrics that are appropriate to your indirect emissions in Scope 3 Category 11: Use of sold products from transport.**

### **Activity**

Light Duty Vehicles (LDV)

### **Emissions intensity figure**

84.375

### **Metric numerator (Scope 3 emissions: use of sold products) in Metric tons CO2e**

24030000

### **Metric denominator**

p.km

### **Metric denominator: Unit total**

284800000000

### **% change from previous year**

2.27

### **Vehicle unit sales in reporting year**

890000

### **Vehicle lifetime in years**

10

### **Annual distance in km or miles (unit specified by column 4)**

20000

### **Load factor**

1.6

### **Please explain the changes, and relevant standards/methodologies used**

Fleet emissions Mercedes-Benz Cars in 2019: 135 g CO2/km (2018: 132 g CO2/km), change: ((135-132)/132)=2,27%. Annual distance changed from 15,000 km in 2018 to 20,000 km in 2019.

## **C7.9**

### **(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

## **C7.9a**

### **(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Change in emissions (metric tons CO2e)** | **Direction of change** | **Emissions value (percentage)** | **Please explain calculation** |
| Change in renewable energy consumption | 132000 | Decreased | 4.5 | Consumption of purchased renewable energy in Germany increased by 380,000 MWh and consumption of Biogas increased by 60,000 MWh. Given the emission factors of electricity and gas in germany, emissions decreased by 105,000 t CO2. Purchased electricity in Romania (67,000 MWh) comes completely from renewable sources. Compared to 2018 we are saving appr. 27,000 t CO2. The overall Scope 1 and 2 emissions decreased by 4,50% ((132,000/2,934,000 t CO2 (Scope 1&2 in 2018))\*100). |
| Other emissions reduction activities | 23700 | Decreased | 0.81 | Emission reduction activities implemented in 2019 sum up to 23,400 t CO2. The overall Scope 1 and 2 emissions decreased by 0.81% ((23,700/2,934,000 t CO2 (Scope 1&2 in 2018))\*100) (see C4.3a) |
| Divestment |  | <Not Applicable> |  |  |
| Acquisitions |  | <Not Applicable> |  |  |
| Mergers |  | <Not Applicable> |  |  |
| Change in output | 150000 | Decreased | 5.11 | The production volume in our plants decreased by 165,332 or 6.3%. Given the intensity figure of 0.906 per unit produced (Daimler AG, see C6.10) this results in 149,791 t less CO2 emissions. The overall Scope 1 and 2 emissions decreased by 5.11% ((150,000/2,934,000 t CO2 (Scope 1&2 in 2018))\*100). |
| Change in methodology |  | <Not Applicable> |  |  |
| Change in boundary |  | <Not Applicable> |  |  |
| Change in physical operating conditions |  | <Not Applicable> |  |  |
| Unidentified |  | <Not Applicable> |  |  |
| Other |  | <Not Applicable> |  |  |

## **C7.9b**

### **(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## **C8. Energy**

## **C8.1**

### **(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

## **C8.2**

### **(C8.2) Select which energy-related activities your organization has undertaken.**

|  |  |
| --- | --- |
|  | **Indicate whether your organization undertook this energy-related activity in the reporting year** |
| Consumption of fuel (excluding feedstocks) | Yes |
| Consumption of purchased or acquired electricity | Yes |
| Consumption of purchased or acquired heat | Yes |
| Consumption of purchased or acquired steam | No |
| Consumption of purchased or acquired cooling | No |
| Generation of electricity, heat, steam, or cooling | Yes |

## **C8.2a**

### **(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Heating value** | **MWh from renewable sources** | **MWh from non-renewable sources** | **Total (renewable and non-renewable) MWh** |
| Consumption of fuel (excluding feedstock) | HHV (higher heating value) | 70069 | 6294895 | 6364964 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 1772468 | 2334196 | 4106664 |
| Consumption of purchased or acquired heat | <Not Applicable> | 8571 | 806590 | 815161 |
| Consumption of purchased or acquired steam | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired cooling | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of self-generated non-fuel renewable energy | <Not Applicable> | 7388 | <Not Applicable> | 7388 |
| Total energy consumption | <Not Applicable> | 1851108 | 9435681 | 11286789 |

## **C8.2b**

### **(C8.2b) Select the applications of your organization’s consumption of fuel.**

|  |  |
| --- | --- |
|  | **Indicate whether your organization undertakes this fuel application** |
| Consumption of fuel for the generation of electricity | No |
| Consumption of fuel for the generation of heat | Yes |
| Consumption of fuel for the generation of steam | No |
| Consumption of fuel for the generation of cooling | No |
| Consumption of fuel for co-generation or tri-generation | Yes |

## **C8.2c**

### **(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

### **Fuels (excluding feedstocks)**

Natural Gas

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

5289163

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

2502525

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

2786638

### **Emission factor**

181

### **Unit**

kg CO2 per MWh

### **Emissions factor source**

DEHSt, only combustion, calculated with Gross Caloric value

### **Comment**

### **Fuels (excluding feedstocks)**

Fuel Oil Number 1

### **Heating value**

LHV (lower heating value)

### **Total fuel MWh consumed by the organization**

101776

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

101776

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

0

### **Emission factor**

264

### **Unit**

kg CO2 per MWh

### **Emissions factor source**

Light fuel oil: WBCSD, GHG Protocol 2005, net calorific value: 9,86 MWh/m³

### **Comment**

### **Fuels (excluding feedstocks)**

Liquefied Petroleum Gas (LPG)

### **Heating value**

LHV (lower heating value)

### **Total fuel MWh consumed by the organization**

71527

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

71527

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

0

### **Emission factor**

222

### **Unit**

kg CO2 per MWh

### **Emissions factor source**

WBCSD, GHG Protocol 2005; net calorific value 12,89 MWh/1.000 kg

### **Comment**

### **Fuels (excluding feedstocks)**

Coke

### **Heating value**

HHV (higher heating value)

### **Total fuel MWh consumed by the organization**

45111

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

45111

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

0

### **Emission factor**

374.2

### **Unit**

kg CO2 per MWh

### **Emissions factor source**

Germany: 374.2 (Dehst Country specific emission factor list Dezember 2005) USA: 334.5 (DOE EIA-1605 (2002) Appendix B)

### **Comment**

### **Fuels (excluding feedstocks)**

Other, please specify (Motor fuel (diesel, gasoline))

### **Heating value**

LHV (lower heating value)

### **Total fuel MWh consumed by the organization**

857380

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

0

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

0

### **Emission factor**

264

### **Unit**

kg CO2 per MWh

### **Emissions factor source**

Diesel: 264 kg CO2/MWh; WBCSD, GHG Protocol 2005; net calorific value: 9,86 MWh/m³ Gasoline: 250 kg CO2/MWh; WBCSD, GHG Protocol 2005; net calorific value 8,81 MWh/m³

### **Comment**

e.g. test block consumption

## **C8.2d**

### **(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Total Gross generation (MWh)** | **Generation that is consumed by the organization (MWh)** | **Gross generation from renewable sources (MWh)** | **Generation from renewable sources that is consumed by the organization (MWh)** |
| Electricity | 944217 | 924839 | 8718 | 7388 |
| Heat | 3385068 | 3230145 | 0 | 0 |
| Steam | 0 | 0 | 0 | 0 |
| Cooling | 0 | 0 | 0 | 0 |

## **C8.2e**

### **(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.**

### **Sourcing method**

Unbundled energy attribute certificates, Guarantees of Origin

### **Low-carbon technology type**

Low-carbon energy mix

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

Germany

### **MWh consumed accounted for at a zero emission factor**

243966

### **Comment**

Proof of Origin for renewable energy with the quality "green power 100" from energy supplier enovos.

### **Sourcing method**

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

### **Low-carbon technology type**

Wind

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

Spain

### **MWh consumed accounted for at a zero emission factor**

110571

### **Comment**

Green electricity purchasing at our plants in Samano and Vitoria (Spain). Green electricity from wind and hydropower.

### **Sourcing method**

Other, please specify (Contract with supplier or utilities.)

### **Low-carbon technology type**

Other, please specify (Renewable and nuclear energy.)

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

Other, please specify (Global production sites.)

### **MWh consumed accounted for at a zero emission factor**

1271955

### **Comment**

Contract with suppliers or utilities, with a supplier-specific emission rate, not backed by electricity attribute certificates. Amount of purchased low carbon energy (nuclear energy, renewable energy).

### **Sourcing method**

Other, please specify (Produced and consumed by Daimler.)

### **Low-carbon technology type**

Solar

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

Other, please specify (Daimler production sites with Solar PV (Europe, India, Japan, Turkey))

### **MWh consumed accounted for at a zero emission factor**

7388

### **Comment**

Consumed electricity from Solar PV that is produced by Daimler.

### **Sourcing method**

Other, please specify (Produced and consumed heat (biomass).)

### **Low-carbon technology type**

Biomass

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

Germany

### **MWh consumed accounted for at a zero emission factor**

8571

### **Comment**

Produced and consumed heat from biomass at our plant in Kölleda (Germany).

### **Sourcing method**

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

### **Low-carbon technology type**

Hydropower

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

France

### **MWh consumed accounted for at a zero emission factor**

47141

### **Comment**

Green electricity purchasing at the plant in Hambach (France).

### **Sourcing method**

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

### **Low-carbon technology type**

Wind

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

Germany

### **MWh consumed accounted for at a zero emission factor**

387387

### **Comment**

Green electricity (wind and hydropower) purchasing at German plants.

### **Sourcing method**

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

### **Low-carbon technology type**

Wind

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

Argentina

### **MWh consumed accounted for at a zero emission factor**

8917

### **Comment**

Green electricity purchasing at our plant in Buenos Aires (Argentina).

### **Sourcing method**

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

### **Low-carbon technology type**

Low-carbon energy mix

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

India

### **MWh consumed accounted for at a zero emission factor**

26644

### **Comment**

Green electricity (wind and solar) purchasing at our plant in Chennai (India).

### **Sourcing method**

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

### **Low-carbon technology type**

Solar

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

Romania

### **MWh consumed accounted for at a zero emission factor**

67229

### **Comment**

Green electricity purchasing at our plants in Sebes and Cugir (Romania).

### **Sourcing method**

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

### **Low-carbon technology type**

Wind

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

United States of America

### **MWh consumed accounted for at a zero emission factor**

1610

### **Comment**

Green electricity purchasing at our plant in Portland (USA).

## **C-TO8.5**

### **(C-TO8.5) Provide any efficiency metrics that are appropriate for your organization’s transport products and/or services.**

### **Activity**

Light Duty Vehicles (LDV)

### **Metric figure**

0.74133

### **Metric numerator**

tCO2

### **Metric denominator**

Production: Vehicle

### **Metric numerator: Unit total**

1181294

### **Metric denominator: Unit total**

1593476

### **% change from previous year**

-13.71

### **Please explain**

This is the specific CO2 emissions figure (Scope 1 + 2) for the business unit Mercedes-Benz Cars. We were able to reduce our absolute emissions (2018: 1,484,243 t CO2) by increasing the share of renewable energy, therefore the specific emissions decreased in 2019 compared with 2018 even with lower production figures. The intensity figure decreased from 0.859 in 2018 to 0.741 in 2019. We publish these intensity figures within our yearly Sustainability Report. The figures are calculated separately for each business unit. The products and production depth of our business units are very diverse. If we would publish an overall intensity figure for cars, vans, buses and trucks, shifts in the production volumes could have a bigger influence than real emissions reduction measures. 2018: Metric numerator 1,484,243 t CO2; Metric denominator 1,727,673 cars. (Please note that this figure differs from the one in the Sustainability Report. The following applies to the Sustainability Report: As we consume fuels for non-production purposes (including company vehicles, test stands), we do not consider the fuels for our production-related goals (energy, CO2). For this reason, the specific energy consumption and CO2 emissions (measured per vehicle produced), which constitute the basis for the tracking of our production-related goals, are published without fuel consumption.)

### **Activity**

Heavy Duty Vehicles (HDV)

### **Metric figure**

1.666287734

### **Metric numerator**

tCO2

### **Metric denominator**

Production: Vehicle

### **Metric numerator: Unit total**

803244

### **Metric denominator: Unit total**

482056

### **% change from previous year**

-2.36

### **Please explain**

This is the specific efficiency metric for the heavy duty vehicles. We managed again to reduce the GHG intensity figure of our production of Daimler Trucks from 1.707 in 2018 to 1.666 in 2019 by reducing the absolute emissons (895,824 t CO2 in 2018 to 803,244 t CO2 in 2019) by increasing the share of renewable energy. Although the unit of production decreased from 524,930 in 2018 to 482,056 in 2019. We publish these intensity figures within our yearly Sustainability Report. The figures are calculated separately for each business unit. The products and production depth of our business units are very diverse. If we would publish an overall intensity figure for cars, vans, buses and trucks, shifts in the production volumes could have a bigger influence than real emissions reduction measures. 2018: Metric numerator 895,824 t CO2; Metric denominator 524,930. (Please note that this figure differs from the one in the Sustainability Report. The following applies to the Sustainability Report: As we consume fuels for non-production purposes (including company vehicles, test stands), we do not consider the fuels for our production-related goals (energy, CO2). For this reason, the specific energy consumption and CO2 emissions (measured per vehicle produced), which constitute the basis for the tracking of our production-related goals, are published without fuel consumption.)

## **C9. Additional metrics**

## **C9.1**

### **(C9.1) Provide any additional climate-related metrics relevant to your business.**

### **Description**

Waste

### **Metric value**

467.2

### **Metric numerator**

kg

### **Metric denominator (intensity metric only)**

per vehicle produced

### **% change from previous year**

2.13

### **Direction of change**

Decreased

### **Please explain**

Specific Waste (in kg/vehicle) for Mercedes-Benz Cars (total of non-hazardous waste for disposal, non-hazardous waste for recovery, scrap metal for recycling, hazardous waste for disposal, hazardous waste for recovery).

### **Description**

Other, please specify (Water)

### **Metric value**

4.06

### **Metric numerator**

m³

### **Metric denominator (intensity metric only)**

per vehicle produced

### **% change from previous year**

4.63

### **Direction of change**

Increased

### **Please explain**

Due to a lower number of produced vehicles, the specific water consumption per vehicle produced increased by 4.63% (Mercedes-Benz Cars).

## **C-TO9.3/C-TS9.3**

### **(C-TO9.3/C-TS9.3) Provide tracking metrics for the implementation of low-carbon transport technology over the reporting year.**

### **Activity**

Light Duty Vehicles (LDV)

### **Metric**

Sales

### **Technology**

Other, please specify (Hybrid and PlugIn-Hybrid)

### **Metric figure**

1.4

### **Metric unit**

% of total sales

### **Explanation**

Percentage of sold PHEV in 2019 (1.4% of vehicles sold are Hybrid and PlugIn-Hybrid). (e. g. Plug-In Hybrids in C-, E- and S-Class)

### **Activity**

Light Duty Vehicles (LDV)

### **Metric**

Sales

### **Technology**

Battery electric vehicle (BEV)

### **Metric figure**

0.9

### **Metric unit**

% of total sales

### **Explanation**

Percentage of sold BEV in 2019 (0.9% of sold vehicles are BEV). (e.g. electrified smart models; EQC (power consumption combined: 21.3–20.2 kWh/100 km; CO₂ emissions combined: 0 g/ km)) \*\*\* Weitere Informationen zum offiziellen Kraftstoffverbrauch und den offiziellen spezifischen CO2-Emissionen neuer Personenkraftwagen können dem ‚Leitfaden über den Kraftstoffverbrauch und die CO2-Emissionen neuer Personenkraftwagen‘ entnommen werden, der an allen Verkaufsstellen und bei der Deutschen Automobil Treuhand GmbH unter www.dat.de unentgeltlich erhältlich ist. Further information about the official fuel consumption and the official specific CO2 emissions for new passenger automobiles can be found in the 'New Passenger Vehicle Fuel Consumption and CO2 Emission Guidelines', which are available free of charge at all sales outlets and from DAT Deutsche Automobil Treuhand GmbH, Hellmuth-Hirth-Str. 1, 73760 Ostfildern, Germany and under www.dat.de. \*\*\*

## **C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6**

### **(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?**

|  |  |  |
| --- | --- | --- |
|  | **Investment in low-carbon R&D** | **Comment** |
| Row 1 | Yes |  |

## **C-TO9.6a/C-TS9.6a**

### **(C-TO9.6a/C-TS9.6a) Provide details of your organization’s investments in low-carbon R&D for transport-related activities over the last three years.**

### **Activity**

Light Duty Vehicles (LDV)

### **Technology area**

Unable to disaggregate by technology area

### **Stage of development in the reporting year**

<Not Applicable>

### **Average % of total R&D investment over the last 3 years**

41-60%

### **R&D investment figure in the reporting year (optional)**

9662000000

### **Comment**

In 2019, we spend 4,594 (M €) in environmental-related research & development and 9,662 (M €) in R&D overall. This includes various activities in different kind of technology fields and covers the whole Daimler AG (incl. Cars, Trucks, Vans, Buses). Overall the company is investing 10 billion € in the expansion of the Mercedes-Benz Cars electric fleet and one billion € in the global battery production network within the worldwide production network. The entire Mercedes portfolio is to be electrified, with various electrified alternatives available in every segment, from the smart to the SUVs. In total, there will be well over 130 variants, from the 48-volt electrical system to EQ Boost and plug-in hybrids and more than ten all-electric vehicles powered by batteries or fuel cells. (Source: www.daimler.com) Daimler buys battery cells in a total volume of 20 billion euros. With extensive orders for battery cells until the year 2030, Daimler sets another important milestone for the electrification of future electric vehicles of the EQ product and technology brand. The suppliers are already producing battery cells in Asia and Europe and are continuing to expand in Europe and additionally in the USA. Mercedes-Benz has systematically adapted its product portfolio to a new generation of diesel engines over the last few years and has invested approximately 3 Billion € in development and production for this purpose. Vehicles equipped with the new engines not only benefit from lower CO2 emissions they also display low NOX emissions in real driving operation. Vehicles equipped with the latest generation of diesel engines achieve average NOX values of around 20 to 30 milligrams per kilometer in long-term operation over many thousands of kilometers under RDE conditions. Electromobility, automated driving and connectivity played an important role at Daimler Trucks. The subsequent generations of existing products, fuel efficiency and emissions reduction were further focal points, along with customized products and technologies for future growth markets when it comes to investments regarding the trucks division (Research and development expenditure by the Daimler Trucks Division in 2019: 1,490 mio €).

## **C10. Verification**

## **C10.1**

### **(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

|  |  |
| --- | --- |
|  | **Verification/assurance status** |
| Scope 1 | Third-party verification or assurance process in place |
| Scope 2 (location-based or market-based) | Third-party verification or assurance process in place |
| Scope 3 | Third-party verification or assurance process in place |

## **C10.1a**

### **(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

### **Verification or assurance cycle in place**

Annual process

### **Status in the current reporting year**

Complete

### **Type of verification or assurance**

Limited assurance

### **Attach the statement**

[DAG19\_CDP Verification\_20200803\_final.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/QzfBGrOH40WmMT_rYtbBZw/DAG19CDPVerification20200803final.pdf)

[daimler-sustainability-report-2019.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/ZztalliIvU-4252Nvo-jPA/daimlersustainabilityreport2019.pdf)

### **Page/ section reference**

See pages 195-196 "Limited Assurance Report of the Independent Auditor" regarding selected sustainability disclosures in English Sustainability Report. The Scope 1 emissions that are within this limited assurance can be found on page 111 . Also, we attached a CDP verification template from our assurance partner KPMG. It provides a clear reference to the verified emissions.

### **Relevant standard**

ISAE3000

### **Proportion of reported emissions verified (%)**

100

## **C10.1b**

### **(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

### **Scope 2 approach**

Scope 2 location-based

### **Verification or assurance cycle in place**

Annual process

### **Status in the current reporting year**

Complete

### **Type of verification or assurance**

Limited assurance

### **Attach the statement**

[DAG19\_CDP Verification\_20200803\_final.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/QzfBGrOH40WmMT_rYtbBZw/DAG19CDPVerification20200803final.pdf)

[daimler-sustainability-report-2019.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/ZztalliIvU-4252Nvo-jPA/daimlersustainabilityreport2019.pdf)

### **Page/ section reference**

See pages 195-196 "Limited Assurance Report of the Independent Auditor" regarding selected sustainability disclosures in English Sustainability Report. The Scope 2 location-based emissions that are within this limited assurance can be found on page 111 . Due to different times of data retrieval from our internal system, there are minor differences between the figure of the gross global Scope 2 location-based emissions shown in C6.3 and the country-specific Scope 2 lb emissions shown in C7.5.

### **Relevant standard**

ISAE3000

### **Proportion of reported emissions verified (%)**

100

### **Scope 2 approach**

Scope 2 market-based

### **Verification or assurance cycle in place**

Annual process

### **Status in the current reporting year**

Complete

### **Type of verification or assurance**

Limited assurance

### **Attach the statement**

[DAG19\_CDP Verification\_20200803\_final.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/QzfBGrOH40WmMT_rYtbBZw/DAG19CDPVerification20200803final.pdf)

[daimler-sustainability-report-2019.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/ZztalliIvU-4252Nvo-jPA/daimlersustainabilityreport2019.pdf)

### **Page/ section reference**

See pages 195-196 regarding selected sustainability disclosures in English Sustainability Report. The Scope 2 marked-based emissions that are within this limited assurance can be found on page 111. In Addition, all Scope 1 & 2 emissions can be found here: https://sustainabilityreport.daimler.com/2019/appendix/key-figures/key-figures-environment.html). Also, we attached a CDP verification template from our assurance partner KPMG. It provides a clear reference to the verified Emission.

### **Relevant standard**

ISAE3000

### **Proportion of reported emissions verified (%)**

100

## **C10.1c**

### **(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

### **Scope 3 category**

Scope 3: Purchased goods and services

### **Verification or assurance cycle in place**

Annual process

### **Status in the current reporting year**

Complete

### **Type of verification or assurance**

Limited assurance

### **Attach the statement**

[DAG19\_CDP Verification\_20200803\_final.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/QzfBGrOH40WmMT_rYtbBZw/DAG19CDPVerification20200803final.pdf)

[daimler-sustainability-report-2019.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/ZztalliIvU-4252Nvo-jPA/daimlersustainabilityreport2019.pdf)

### **Page/section reference**

See pages 195-196 "Limited Assurance Report of the Independent Auditor" regarding selected sustainability disclosures in English Sustainability Report. The Scope 3 Purchased Goods and Services that are within this limited assurance can be found on page 98, chart 2.6 (in English Sustainability Report). Also, we attached a CDP verification template from our assurance partner KPMG. It provides a clear reference to the verified emission.

### **Relevant standard**

ISAE3000

### **Proportion of reported emissions verified (%)**

100

### **Scope 3 category**

Scope 3: Use of sold products

### **Verification or assurance cycle in place**

Annual process

### **Status in the current reporting year**

Complete

### **Type of verification or assurance**

Limited assurance

### **Attach the statement**

[DAG19\_CDP Verification\_20200803\_final.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/QzfBGrOH40WmMT_rYtbBZw/DAG19CDPVerification20200803final.pdf)

[daimler-sustainability-report-2019.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/ZztalliIvU-4252Nvo-jPA/daimlersustainabilityreport2019.pdf)

### **Page/section reference**

See pages 195-196 "Limited Assurance Report of the Independent Auditor" regarding selected sustainability disclosures in English Sustainability Report. The Scope 3 Use of sold products emissions that are within this limited assurance can be found on page 98, chart 2.6 (in English Sustainability Report). Also, we attached a CDP verification template from our assurance partner KPMG. It provides a clear reference to the verified emission.

### **Relevant standard**

ISAE3000

### **Proportion of reported emissions verified (%)**

100

### **Scope 3 category**

Scope 3: End-of-life treatment of sold products

### **Verification or assurance cycle in place**

Annual process

### **Status in the current reporting year**

Complete

### **Type of verification or assurance**

Limited assurance

### **Attach the statement**

[DAG19\_CDP Verification\_20200803\_final.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/QzfBGrOH40WmMT_rYtbBZw/DAG19CDPVerification20200803final.pdf)

[daimler-sustainability-report-2019.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/ZztalliIvU-4252Nvo-jPA/daimlersustainabilityreport2019.pdf)

### **Page/section reference**

See pages 195-196 "Limited Assurance Report of the Independent Auditor" regarding selected sustainability disclosures in English Sustainability Report. The Scope 3 End-of-life treatment of sold products emissions that are within this limited assurance can be found on page 98, chart 2.6 (in English Sustainability Report). Also, we attached a CDP verification template from our assurance partner KPMG. It provides a clear reference to the verified emission.

### **Relevant standard**

ISAE3000

### **Proportion of reported emissions verified (%)**

100

## **C10.2**

### **(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

## **C10.2a**

### **(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

|  |  |  |  |
| --- | --- | --- | --- |
| **Disclosure module verification relates to** | **Data verified** | **Verification standard** | **Please explain** |
| SC. Supply chain module | Product footprint verification | ISO 14040/44 | We publish Environmental Certificates for most of our Mercedes-Benz passenger car models. Each Environmental Certificates provides a carbon footprint from a holistic lifecycle assessment which is externally reviewed according to EN ISO 14040/44. Please refer to p. 4 of the document/PDF (360° Environmental Check) for the validation report ("critical review") verified by the TÜV SÜD Management Service GmbH. This is a sample of our Environmental Certificates. .We use data from the lifecycle assessment for the calculation of several Scope 3 emission sources and for the supply chain module.  [daimler-environmental-check-mb-eqc-class-org.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/_wd5cbXf80eh4OeEqW5uTg/daimlerenvironmentalcheckmbeqcclassorg.pdf) |
| C6. Emissions data | Product footprint verification | ISO 14040/44 | We publish Environmental Certificates for most of our Mercedes-Benz passenger car models. Each Environmental Certificates provides a carbon footprint from a holistic lifecycle assessment which is externally reviewed according to EN ISO 14040/44. Please refer to p. 4 of the document/PDF (360° Environmental Check) for the validation report ("critical review") verified by the TÜV SÜD Management Service GmbH. This is a sample of our Environmental Certificates. .We use data from the lifecycle assessment for the calculation of several Scope 3 emission sources and for the supply chain module.  [daimler-environmental-certificate-mb-a-class.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/21h_iU0KyEWjISXxQ-2OYw/daimlerenvironmentalcertificatembaclass.pdf) |
| C6. Emissions data | Other, please specify (CO2 emissions of the European fleet) | ISAE3000 | We use the "CO2 emissions of the European fleet" figure - which is within the Limited Assurance according to ISAE3000 - for the calculation of Scope 3 emissions (see Non-Financial Report, p. 200). The value is stated in the Non-Financial Report that is limited assured (see page 220-221"Independent Auditor’s Report Concerning a Limited Assurance Engagement on the Non-Financial Group Reporting").  [daimler-nonfinancialreport-en-2019.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/y3tGzYjjsU2jdqjPpstvTg/daimlernonfinancialreporten2019.pdf) |

## **C11. Carbon pricing**

## **C11.1**

### **(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

## **C11.1a**

### **(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

EU ETS

## **C11.1b**

### **(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.**

### **EU ETS**

### **% of Scope 1 emissions covered by the ETS**

59

### **% of Scope 2 emissions covered by the ETS**

0

### **Period start date**

January 1 2019

### **Period end date**

December 31 2019

### **Allowances allocated**

316937

### **Allowances purchased**

228244

### **Verified Scope 1 emissions in metric tons CO2e**

545181

### **Verified Scope 2 emissions in metric tons CO2e**

0

### **Details of ownership**

Facilities we own and operate

### **Comment**

A total of 13 Daimler Group facilities in Germany, France, Spain, and Hungary are currently subject to this requirement. These facilities generate on their own sites most of the electricity and heat energy they need for their production operations. All of them are highly efficient and utilize natural gas almost exclusively. The Mannheim plant operates a foundry that is also subject to the regulations governing the EU ETS.

## **C11.1d**

### **(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

i) Description

The permitted total number of EUAs within the EU’s emissions trading program is limited. A small number of EUAs are assigned to industrial plants free of charge. Fewer and fewer free CO₂ emissions permits are issued each year, which means that by the end of the fourth trading period (2021 to 2030) the number of such permits available to the automotive industry and many other sectors will have been reduced to zero. A large portion of the CO₂ emissions permits that are needed must therefore be acquired at a cost via EUA auctions, the emission certificate market, or direct trading. At Daimler, an in-house committee consisting of experts from various departments defines the procurement strategy and the risk management for the CO₂ emissions permits the Group needs.

More than half of the CO₂ emissions generated at our European production locations are currently covered by emissions trading. Beginning in 2022, we intend to offset these CO₂ emissions from Daimler facilities through suitable compensation projects. We are also striving to reduce our CO₂ emissions further by implementing projects to increase energy efficiency and expanding the capacity of systems that generate heat and electricity from renewable sources. Assessments of our CO₂ reduction projects also take into account the costs of CO₂ emissions trading and CO₂ compensation measures.

All measures for energy efficiency improvements and programs are documented in central databases and are applied at all facilities and plants which have similar production processes and offer potentials for energy reduction. Based on our database for energy efficiency measures we can estimate the investments in 2019 for energy efficiency measures. By those measures, the productions facilities reduce their purchase of allowance and hence, reduce expenditures and the financial risk.

ii) Example of application of strategy:

Within the reporting period 2019, a large number of efficiency and emission reduction projects were implemented successfully and account to Daimler's efficiency activities. One example of an individual project is the reduction of the supply air temperature for the top-coat painting in the Mercedes-Benz Trucks plant in Wörth, Germany. This initiative saves electricity which is partly produced on-site (Scope 1) and partly purchased (Scope 2) and will reduce CO2 emissions up to 1,000 t per year. Due to the lower energy consumption less energy needs to be produced on-site, therefore less emission allowances need to be purchased.

## **C11.2**

### **(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

## **C11.2a**

### **(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

### **Credit origination or credit purchase**

Credit purchase

### **Project type**

Wind

### **Project identification**

11.9 MW Wind Power Project at Tamil Nadu, India; Project 9608

### **Verified to which standard**

Gold Standard

### **Number of credits (metric tonnes CO2e)**

14000

### **Number of credits (metric tonnes CO2e): Risk adjusted volume**

14000

### **Credits cancelled**

Yes

### **Purpose, e.g. compliance**

Voluntary Offsetting

## **C11.3**

### **(C11.3) Does your organization use an internal price on carbon?**

Yes

## **C11.3a**

### **(C11.3a) Provide details of how your organization uses an internal price on carbon.**

### **Objective for implementing an internal carbon price**

Navigate GHG regulations

### **GHG Scope**

Scope 3

### **Application**

We use this internal price to evaluate and to prioritize measures within the development process for our products. It is valid for product-related research & development only. As it is based on the penalties for exceeding the EU fleet emission regulation, it applies for light duty vehicles that are sold within the EU.

### **Actual price(s) used (Currency /metric ton)**

475

### **Variance of price(s) used**

No variance as this price is based on penalties for exceeding the fleet emission regulation. Adjustments to these penalties and/or to this regulation may lead to changes of our internal price.

### **Type of internal carbon price**

Shadow price

### **Impact & implication**

Based on the EU fleet emission regulation which implicit financial penalties for exceeding emissions targets of 95 €/g CO2, we derive an internal price on carbon used for the calculation of measures during the development process. Assuming a vehicle lifetime of 200,000 km this corresponds to 475 € per ton (Exceeding fleet limits by 1 g CO2/km add up to 0.2t CO2 over the vehicle lifetime. 0.2t=95€; 1t=475€). Measures to reduce emissions and to increase efficiency of our products can therefore be monetized and be put in relation. Irrespectively of this monetization, compliance with fleet Emission limits and regulations is always at the forefront of our efforts when it comes to developing our products. Regarding this, our Ambition2039 Strategy puts a clear focus on low-emission technology and electrification. With the “Ambition 2039” we have set ourselves the target of making our fleet of new passenger cars CO₂-neutral over the vehicles’ entire life cycle by 2039. For Mercedes-Benz Cars, the goal is to have plug-in hybrids or all-electric vehicles account for more than 50 percent of our car sales by 2030. We want to electrify the entire portfolio of Mercedes-Benz Cars by 2022. This means that we plan to offer various electric alternatives to our customers in every segment, ranging from smarts to large SUVs. Our “Road to Emission-free Driving” initiative defines the primary focal points for developing new and sustainable drive technologies at all of our automotive business divisions. It encompasses the following measures: the further development of our vehicles equipped with state of-the-art combustion engines in order to achieve significant reductions in consumption and emissions, further increases in efficiency through hybridization, and electric vehicles with battery and fuel cell drive systems. We are also actively involved in the research and testing of alternative fuels. Furthermore, the Mercedes-Benz AG is the first premium automobile manufacturer to have had its climate protection objectives scientifically verified by the Science Based Targets initiative (SBTi). Mercedes-Benz AG has set itself the ambitious goal of reducing the greenhouse gas emissions of the new car fleet during the operating phase (part of Scope 3) by 42 percent by 2030 compared to 2018.

## **C12. Engagement**

## **C12.1**

### **(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

Yes, our customers

## **C12.1a**

### **(C12.1a) Provide details of your climate-related supplier engagement strategy.**

### **Type of engagement**

Information collection (understanding supplier behavior)

### **Details of engagement**

Collect climate change and carbon information at least annually from suppliers

### **% of suppliers by number**

7.6

### **% total procurement spend (direct and indirect)**

75

### **% of supplier-related Scope 3 emissions as reported in C6.5**

### **Rationale for the coverage of your engagement**

We are strongly developing our Information Collection activities to strengthen transparency regarding climate-related issues within our supply chain. In 2019, we involved our main suppliers, who account for over 70 percent of the annual procurement volume of Mercedes-Benz Cars & Vans, in this program. Daimler Truck will take part in the CDP Supply Chain Program in the next year. In addition to the selection approach based on annual procurement volume, we also specifically involved suppliers that represent sectors or products with high CO2 intensity. As part of this program, we encourage our suppliers to disclose their climate-related data, targets and strategies. Currently Mercedes-Benz AG works on integrating the results of CDP Supply Chain Program in our supplier awarding process. Around 16 percent of the CO2 emission over the average Mercedes-Benz passenger car over the life cycle is related to upstream processes within the supply chain (Scope 3 purchased goods and services). Daimler has a large number of small suppliers that don’t have high sales volumes with Daimler. Due to the large number of suppliers of Mercedes-Benz AG, the percentage of suppliers by number covered by this initiative is relatively low. However, requesting 74 % of AVOB of production material and including CO2 intensive manufacturer represent a significant share of the CO2 emission related to upstream emission. Our goal is to get a holistic picture of the performance of our suppliers, starting with tier 1 suppliers. For us it is important to support our suppliers to follow our bold ambition of CO2 neutrality and thus the CDP Supply Chain Program helps us to understand the level of maturity regarding carbon accounting and climate related target setting by our suppliers. In 2019, we decided to extend our engagement with suppliers through the CDP Supply Chain Program by including our Daimler Truck AG top suppliers in order to get more transparency on the climate activities of these suppliers.

### **Impact of engagement, including measures of success**

i) Description of measures of success We defined specific Key Performance Indicators to measure the success of our CDP Supply Chain disclosure request. The basis is the response rate. Furthermore, we track suppliers performance on key questions such as reporting of scope 1 and 2 emissions (C6.1 & C6.3), emissions reduction target (C4.1) and Report emission reduction activities (C4.3). We gained initial results with our first participation in the Supply Chain program. We intend to use these results to measure the impact of our engagement by comparing the year-to-year performance of our supplier base and of individual focus companies. In the communication with suppliers, we use these indicators as lead questions to motivate them to participate and improve their CDP performance. ii) Impact In 2019, more than 80 percent of requested suppliers took part in the survey, exceeding our internal goal. The goal of this year was to get initial results as orientation in order to derive goals. More than 70% of requested suppliers reported their operational emissions and almost 70% already initiated emissions reductions. For example, around 5.5 Mio. tons of CO2 were reduced according to the supplier’s CDP Climate Change disclosure. More than 60% set climate targets, including absolute and intensity Targets.

### **Comment**

### **Type of engagement**

Innovation & collaboration (changing markets)

### **Details of engagement**

Run a campaign to encourage innovation to reduce climate impacts on products and services

### **% of suppliers by number**

100

### **% total procurement spend (direct and indirect)**

100

### **% of supplier-related Scope 3 emissions as reported in C6.5**

### **Rationale for the coverage of your engagement**

Within a comprehensive application and selection process, suppliers’ performance in sustainability and climate protection activities were evaluated for the nomination of the Daimler Supplier Award for Sustainability. In a festive ceremony in February 2020, the Daimler Supplier Awards were handed to the suppliers by the Members of the Board of Daimler AG and the Procurement Heads. With the Daimler Supplier Award, Daimler honours the contribution of suppliers to Daimler’s performance. In the course of our sustainable business strategy, we established a new award for sustainability in 2019. This year, an award for sustainability engagement was given to two suppliers in recognition of their comprehensive climate engagement. This engagement covers all of our company’s suppliers. All suppliers were able to apply via our online supplier portal. Moreover, to further foster the engagement of our suppliers, we have been organizing supplier training courses in cooperation with other vehicle manufacturers for many years now - especially with the automotive initiative on sustainable supply chains “Drive Sustainability”. In addition, we assisted the “econsense — Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e. V.” sustainability network by supporting the establishment of a platform for further sustainability workshops for suppliers. Suppliers from the focus countries can use this platform to select and book the appropriate workshops from an array that is openly accessible. In addition, we held workshops in our passenger car segment with suppliers of steel, aluminium, and battery cells. These inputs account for about 80 percent of the CO₂ emissions within the supply chain of an electric vehicle. Steel and aluminium alone account for approximately 60 percent of the CO₂ emissions in our entire supply chain. The aim of the workshop was to identify effective CO₂ reduction measures.

### **Impact of engagement, including measures of success**

i) Description The measure of success of this campaign is tracking of the number and quality of submission. The Daimler Supplier Award is a high reward for the best suppliers in several categories. With the implementation of a specific category for sustainability and climate-protection, this topic gets high attention within the whole Daimler Supplier Network. The winners of the Award can therefore also serve as role models for other suppliers. The awarding of special climate-protection projects and innovation encourages suppliers is to further establish activities in this field. ii) Impact of Engagement Within the application process, more than 80 applications were submitted. For example, regarding production material, Brembo S.p.A was awarded for a comprehensive, systematic, holistic sustainability approach and CO2 reduction in its in-house production. Regarding our training activities, we can summarize: In 2019 we held training courses for suppliers in the focus countries Brazil, Malaysia, and South Africa in cooperation with “Drive Sustainability”. 208 suppliers benefited from the group training courses.

### **Comment**

## **C12.1b**

### **(C12.1b) Give details of your climate-related engagement strategy with your customers.**

### **Type of engagement**

Collaboration & innovation

### **Details of engagement**

Run a campaign to encourage innovation to reduce climate change impacts

### **% of customers by number**

84

### **% of customer - related Scope 3 emissions as reported in C6.5**

80

### **Portfolio coverage (total or outstanding)**

<Not Applicable>

### **Please explain the rationale for selecting this group of customers and scope of engagement**

The company's goal is to have plug-in hybrids or all-electric vehicles account for more than 50% of our car sales by 2030. To reach this goal, an important aspect in the coming years will be the gradual balancing of the powertrain portfolio towards electrified vehicles. Especially, regarding customer behaviour we have established different engagement activities focusing besides others on encouraging alternative drive systems through various (digital)services: For instance, customers are offered the Mercedes me Charge App that gives them access to one of the world’s largest charging networks, with more than 300 different operators of public charging stations in Europe alone. Mercedes me Charge also allows customers to access the fast-charging stations operated by the pan-European IONITY Network. Mercedes-Benz (MB) also offers fleet operators intelligent charging solutions that enable fleet managers to monitor and invoice costs for all vehicle charging processes. Another effective tool is the ECO Assist system. It supports drivers of plug-in hybrids to drive efficiently with an intelligent, route-based operating strategy to save electricity and fuel. Moreover, with our joint venture carsharing provider SHARE NOW we are offering shared mobility solutions. Users thus have the opportunity to find out what an electric vehicle feels like. Another example is the innovative mobility platform "just explore", with the aim of supporting the experience of electric mobility in touristic areas. MB Vans assists customers with the eVan Ready App that offers the opportunity to individually and intuitively find out whether an electric van would also be practically suited to the customer's daily routes. Decisive for potential electric van users is the analysis of the organizational&technical circumstances at commercial customer sites. Finally, the integration of an intelligent charging infrastructure concept lays the foundation for conserving resources with a commercial fleet while remaining economically competitive. The size of engagement is calculated by the share of vehicles sold in the business units MB Cars and Vans in 2019. Daimler sold a total of 3.34 million vehicles in 2019, MB Cars accounts to appr. 71% and MB Vans accounts to 13%, thus the sum accounts to 84%. Regarding our Scope 3 emission 80% of our company's Scope 3 emissions are related to the vehicle use.

### **Impact of engagement, including measures of success**

Impact of Engagement The impact of our engagement campaigns with customer to encourage the use of electrified vehicles via besides others digital services is continually monitored. In the reporting year 2019, cars with hybrid drive systems and battery electric cars made up for 2.3% of our units sold. The share of these respective cars therefor increased by appr. 5% compared to 2018. This shows that customer’s demand for electrified vehicles are on the rise. Through the various described measures such as digital services as the Mercedes me Charge App, the EQ Ready App, the eVan Ready App related to electric mobility for private and commercial fleet customers and offers for experiencing electric mobility as "just explore", customers are supported in their decision and encouraged to switch to electrified vehicles. For instance, since the launch of the EQ Ready App three years ago, that helps drivers who are wondering whether it would be practical to switch to electrified vehicles, it has been used over 1.6 million times. On the basis of the approximately 1.6 million journeys analysed anonymously to date, it was calculated how long the journeys are on average. The result is promising and shows: 90 percent of the journeys recorded could be completed exclusively under electric power with Mercedes-Benz's current plug-in hybrid models. Moreover, in August 2019, SHARE NOW operates around 3,500 fully electric vehicles in Amsterdam, Madrid, Paris, and Stuttgart and the number of customer increased to 4,2 Million users. Measures of success The customer is at the center of our consideration. The success of our engagement with customer through related to the use of electrified vehicles can be measured by the share of xEVs sold, meaning plug-in hybrids and fully electric vehicles. We closely monitor the success of our electrified vehicles (by number of units sold) as well as customer requirements. Besides that individual activities such as the use of ShareNow services can be measured by individual performance indicators (number of customer SHARE NOW, number of electric vehicles in SHARE NOW use).

## **C12.3**

### **(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

Direct engagement with policy makers

Trade associations

Funding research organizations

Other

## **C12.3a**

### **(C12.3a) On what issues have you been engaging directly with policy makers?**

|  |  |  |  |
| --- | --- | --- | --- |
| **Focus of legislation** | **Corporate position** | **Details of engagement** | **Proposed legislative solution** |
| Other, please specify (China Corporate Average Fuel Consumption Regulation Stage V) | Support with minor exceptions | We actively participated in the Industry – CATARC (China Automotive Technology & Research Center) Working Group on the China Corporate Average Fuel Consumption Regulation Stage V. | We support with minor exceptions, that is a fair translation of NEDC- based standards into WLTC China- based standards. |
| Other, please specify (Climate neutrality EU (Green Deal)) | Support | We advocated for a letter of ACEA towards EU Commission Vice President regarding the EU Green Deal - climate neutrality. | Full support of Green Deal plans to enable Europe to be the first climate-neutral continent. Hereby, tank-to-wheel climate regulation should remain the backbone for decarbonization of transport greenhouse gas (GHG) emissions. Any change of regulatory regime (e.g. well-to-wheel or LCA-based) is undesired. |
| Other, please specify (Fuel efficiency regulation (GHG/CAFE) USA) | Neutral | Engagement related to mid-term review of the two co-regulating standards for limiting greenhouse gases and fuel consumption in vehicle fleets in the United States: greenhouse gas emission standard (GHG) and the Corporate Average Fuel Economy (CAFE) standard. Daimler constantly advocated in favour of One National Program (ONP) preventing: a) split programs federal vs. California and adherent States and b) a phase of legal uncertainty. | Environmental Protection Agency (EPA)/National Highway Traffic Safety Administration (NHTSA) and California Air Resources Board (CARB) should try to find common ground for ONP to review the standards in a way that optimizes the achievement of climate goals and simultaneously reflects the technical and economical capability of OEMs. |

## **C12.3b**

### **(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

## **C12.3c**

### **(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

### **Trade association**

ACEA (European Automobile Manufacturers Association)

### **Is your position on climate change consistent with theirs?**

Consistent

### **Please explain the trade association’s position**

In January 2020 ACEA presented its position on “Paving the way to carbon-neutral transport: 10-point plan to help implement the European Green Deal”. The paper outlines that ACEA members are fully committed to deliver the ambitious 2025 and 2030 CO2 reduction targets. Moreover, it is stated that in order to provide legal certainty for the industry as it moves towards carbon neutrality in 2050, the 2022/2023 timeline for the reviews of the (CO2) regulations should be adhered to (as was endorsed by the European Council in December 2019). The regulatory framework should provide medium- and long-term stability for the planning of future investments. ACEA requests for a more holistic approach to carbon neutrality should tackle the use of vehicles in the current fleet. It would therefore require a smart combination of efficient vehicles (‘tank-towheel’) as well as an increasing move towards low-carbon energy carriers used for transport (‘well-to-tank’).

### **How have you influenced, or are you attempting to influence their position?**

Daimler is integral part of above mentioned association. Daimler has constantly pushed for clear commitment on climate protection and ambition for climate neutrality on all levels of association work (Board, Sherpa, Working Groups) to come to common positions reflecting own Daimler internal ambition.

### **Trade association**

VDA (Verband der Automobilindustrie, Germany)

### **Is your position on climate change consistent with theirs?**

Consistent

### **Please explain the trade association’s position**

VDA asks for a holistic view for reaching the (Paris) targets together. The association states that climate protection has top priority, and the automotive industry supports the ambitious Paris climate targets. The VDA therefore welcomes an ambitious EU climate action policy. For the transport sector a holistic approach should take into account not only new vehicle technology but also driving styles and mileages, the vehicle fleet and the CO2 impact of fuels and electricity. Promoting alternative fuels such as hydrogen and e-fuels in particular represents a major lever for reducing CO2 output from vehicles already on the roads. VDA claims that infrastructure also plays a key role. Investments in the charging infrastructure would be necessary in particular for promoting and expanding electric mobility – to prevent it from being restricted to urban areas, and to ensure that it would be available to everyone. However, for European companies to remain internationally competitive, the path taken should be economical, ecological and socially acceptable. The shift to climate-neutral mobility would only be successful if the best solutions become established through competition.

### **How have you influenced, or are you attempting to influence their position?**

Daimler is integral part of above mentioned associations. Daimler has constantly pushed for clear commitment on climate protection and ambition for climate neutrality on all levels of association work (Board, Sherpa, Working Groups) to come to common positions reflecting own Daimler internal ambition.

## **C12.3d**

### **(C12.3d) Do you publicly disclose a list of all research organizations that you fund?**

No

## **C12.3e**

### **(C12.3e) Provide details of the other engagement activities that you undertake.**

We engage in several public projects on sustainable and low-carbon traffic.

(i) Method of engagement

Within each project we are part of a group of industrial companies or public institutions e.g.:

- Ionity Joint Venture for CCS charging network in Europe: Joint Venture partner

- H2 MOBILITY Deutschland: Joint Venture partner

(ii) Topic of the engagement

- Joint Venture for CCS charging network in Europe: BMW Group, Mercedes-Benz AG, Ford Motor Company and Volkswagen Group with Audi and Porsche have signed a Memorandum of Understanding to create the highest-powered charging network in Europe. The goal is the quick build-up of a sizable number of stations in order to enable long-range travel for battery electric vehicle drivers. This will be an important step towards facilitating mass-market BEV adoption.

- H2 MOBILITY Deutschland: In the joint venture H2 MOBILITY Deutschland, we are working together with Air Liquide, Linde, OMV, Shell, and Total to expand the hydrogen infrastructure throughout Germany.(Sustainability Report, p. 103)

(iii) Nature of the engagement

- Joint Venture for CCS charging network in Europe: As a Joint Venture partner we promote the build-up of about 400 ultra-fast charging sites in Europe.

- H2 MOBILITY Deutschland: As partner we promote the extension of the hydrogen infrastructure.

(iv) Actions advocated as part of the engagement

- Joint Venture for CCS charging network in Europe: Recently, the milestone of the construction of the first 200 out of 400 planned rapid charging stations was reached. IONITY plans to install and put into operation around 400 fast charging stations, and all of the charging points will be driven by 100 percent renewable energy by the end of 2020.

- H2 MOBILITY Deutschland: The partners’ long-term goal is to establish a network consisting of as many as 400 hydrogen refueling stations. Similar infrastructure projects are being implemented in the rest of Europe, the United States, and Japan. At the end of 2019 there were 79 publicly accessible hydrogen refueling stations with a capacity of 700 bar in Germany, 11 stations were under construction, and 15 more were in the planning or approval phase.

## **C12.3f**

### **(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

As a company with global operations, Daimler has to deal with a wide range of political and societal changes and decisions that have a major impact on our daily business activities. It is therefore important for Daimler that we represent the interests of our company in an open and trusting dialog and develop joint solutions. The overarching goal of our approach to representing our interests is to harmonize the company’s interests with the interests of society at large as far as possible. On the one hand, the company brings ideas into social and political change and decision-making processes and, on the other hand, integrate social and political expectations into strategic and operational corporate decisions.

Political representation of interests means being in constant dialogue with decision-makers. These decision-makers include politicians, government officials, and representatives of political interest groups, trade organizations, business associations, and public officials. We conduct discussions with such individuals at various levels, listen to what they have to say, communicate our interests and concerns to them, and in this manner assume social responsibility.

Our strategy for representing our political interests is systematically aligned with our corporate strategy. We focus here among others on issues such as climate protection and air quality and livable cities. In this context, we hold regular discussions and events in a variety of formats that allow us to systematically approach decision-makers and other societal protagonists and exchange ideas not only on core topics in the automotive industry but also on the issues that will shape its future.

Daimler has defined principles for political dialog and communicating our interests. In doing so, we maintain political restraint and balance and do not allow ourselves to be instrumentalised in party politics. With various instruments, we ensure that our political interests are in line with applicable regulations and ethical standards. Our internally binding requirements are, among other things, laid down in a worldwide policy and in the Group’s Integrity Code. Moreover, the company seeks to ensure that the political lobbying is carried out in accordance with applicable regulations and ethical standards. For this reason, Daimler is listed in the transparency register of the European Union and also complies with the register’s Code of Conduct. Internal policies describe how we address risks in connection with the political representation of our interests. These risks are also addressed through firmly established Group-wide compliance processes.

To ensure that our climate-related engagement is consistent, our central coordinating body for political dialog at the national and international levels is the External Affairs and Public Policy unit, which is located in Stuttgart and falls under the responsibility of the Chairman of the Board of Management. This unit operates a global network with offices in Berlin, Brussels, Beijing, Singapore, Madrid, Stuttgart, and Washington and also has corporate representations in other key markets. Our objective is to ensure that our interests are represented by addressing political target groups in an organized manner using content which has been coordinated across the group.

The Head of External Affairs and Public Policy is also a permanent member of the Group Sustainability Board and as such is actively involved in many issues related to sustainability and climate protection. In addition, the External Affairs and Public Policy department works closely with the specialist units on questions relating to the representation of the Group’s interests. External Affairs also regularly holds Governmental Affairs Committees, at which the Head of External Affairs and other officials from the unit meet with Board of Management members and Level 1 managers to coordinate important upcoming lobbying decisions. In accordance with our policies, employees at Group companies of the Daimler Group and Daimler AG who represent our interests must register with External Affairs.

## **C12.4**

### **(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

### **Publication**

In mainstream reports

### **Status**

Complete

### **Attach the document**

[daimler-ir-annual-report-2019-incl-combined-management-report-daimler-ag.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/mmCYzsxKD0OOGDAgAq096Q/daimlerirannualreport2019inclcombinedmanagementreportdaimlerag.pdf)

### **Page/Section reference**

Governance: Section Sustainability at Daimler (p. 198-199) Strategy: Section Objectives and Strategy - Sustainability and climate protection (p.52) & Environmental Issues (p.200-202) Risks & Opportunities: Risk&Opportunity Report (p.135-149) & Section Sustainability at Daimler - Risk Management (p.199) Emissions figures: Section Environmental Issues - CO2 emissions from our car fleet (p.200) Emission targets:Section Environmental Issues - Climate protection & Resource conservation (p. 200-201)

### **Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

### **Comment**

### **Publication**

In voluntary sustainability report

### **Status**

Complete

### **Attach the document**

[daimler-sustainability-report-2019.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/ZztalliIvU-4252Nvo-jPA/daimlersustainabilityreport2019.pdf)

### **Page/Section reference**

Governance: Section Sustainability strategically integrated, p. 87-88 Strategy: Section Sustainable at its core — our new sustainable business strategy, p.85-87& p.33-49 Risks & Opportunities: Section Group-wide risk managemen, p.88-91 Emissions figures: Section Climate Protection & Air Quality, p.111 Emission Targets: Climate protection p.98-101, Resource Conservation p. 121, & Targets and measures for a more climate-friendly supply chain p. 113 Other metrics: Key figures Environment p.112

### **Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

### **Comment**

## **C15. Signoff**

## **C-FI**

### **(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

The risks and opportunities described in this questionnaire chapter C.2 and their possible consequences for the business situation of Daimler constitute future-oriented assumptions. Even though Daimler assumes that such future-oriented assumptions are adequate, Daimler does not assume any liability for the correctness or accuracy of such assumptions. Because many risks and impairments are beyond the control of Daimler, it is possible that the actual results or effects may differ substantially from the assumptions as a result of, among other things: Daimler’s ability to successfully develop, introduce and market its products and services; changes in international and local economic, business and industry conditions; significant changes in economic, political and market conditions in China, including the effect of competition from new market participants, on Daimler’s vehicle sales and market position; Daimler’s ability to successfully defend itself in legal and regulatory proceedings; and Daimler’s ability to successfully manage the legal and regulatory requirements of its operations, including environmental compliance. Additional factors could cause Daimler’s actual financial impact or cost of management to differ substantially from that described above.

## **C15.1**

### **(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

|  |  |  |
| --- | --- | --- |
|  | **Job title** | **Corresponding job category** |
| Row 1 | Member of the Board of Management of Daimler AG responsible for Group Research and Mercedes-Benz Cars Chief Operating Officer | Director on board |