# **Daimler AG - Climate Change 2018**

## **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 divisions Mercedes-Benz Cars, Daimler Trucks, Mercedes- Benz Vans, Daimler Buses and Daimler Financial Services, the Daimler Group is one of the biggest producers of premium cars and the world’s biggest manufacturer of commercial vehicles with a global reach. Daimler Financial Services provides financing, leasing, fleet management, insurance, financial investments, credit cards, and innovative mobility services.

The company’s founders, Gottlieb Daimler and Carl Benz, made history with the invention of the automobile in the year 1886. As a pioneer of automotive engineering, it is a motivation and commitment of Daimler to shape safely and sustainably the future of mobility: The Group’s focus is on innovative and green technologies as well as on safe and superior automobiles that appeal and fascinate. Daimler consequently invests in the development of efficient drive trains with the long-term goal of locally emission-free driving: from hightech combustion engines about hybrid vehicles to electric drive trains powered by battery or fuel cell. Furthermore, the company follows a consistent path towards intelligent connectivity of its vehicles, autonomous driving and new mobility concepts. This is just one example of how Daimler willingly accepts the challenge of meeting its responsibility towards society and the environment. Daimler sells its vehicles and services in nearly all the countries of the world and has production facilities in Europe, North and South America, Asia, and Africa.

Its current brand portfolio includes, in addition to Mercedes-Benz, as well as Mercedes-AMG, Mercedes-Maybach and Mercedes me, the brands smart, EQ, Freightliner, Western Star, BharatBenz, FUSO, Setra and Thomas Built Buses, and Daimler Financial Services’ brands: Mercedes-Benz Bank, Mercedes-Benz Financial Services, Daimler Truck Financial, moovel, car2go and mytaxi. The company is listed on the stock exchanges of Frankfurt and Stuttgart (stock exchange symbol DAI). In 2017, the Group sold around 3.3 million vehicles and employed a workforce of more than 289,300 people; revenue totalled €164.3 billion and EBIT amounted to €14.7 billion.

For Daimler, acting in line with the principles of sustainability means striving to achieve long-term business success. Sustainability is a basic principle of our corporate strategy as well as a metric for our success as a company. We aim to make our activities compatible with the interests of the environment and society. One of our core tasks is to offer safe, fuel-efficient and low-emission vehicles.

One important goal is emission-free driving, and one way to get there is to systematically electrify our vehicles. Consequently, Daimler will be offering at least one electrified alternative in every Mercedes-Benz production series in our car portfolio. The smart brand will even be completely electric. And there are similar plans for our commercial vehicles. Starting in the Fuso eCanter, which is the world’s first fully electric truck in series production, will be followed by an electric city bus as well as electric models of the Vito, the Sprinter, and the Citan. In addition to electrification, Daimler is also working on new concepts of mobility. For example, through intelligent connectivity, driverless vehicles, and carsharing the volume of traffic in city centers could be successfully reduced over the long term, in spite of people’s increasing need for mobility.

Daimler regularly conducts a multi-stage materiality analysis to prioritize the fields of action. This analysis combines our assessments with those of our stakeholders, who include our employees, customers, shareholders, and suppliers, as well as governments, environmental and human rights organizations, and other stakeholders from civil society. Their opinions are also requested whenever decisions on measures for expanding or adjusting the sustainability strategy need to be made.

Daimler's sustainability objectives and their management are part of the corporate governance system and are also incorporated into the targets of our executives. The respective specialist units are responsible for achieving the pertinent objectives. The Corporate Sustainability Board (CSB) is our central management body for all sustainability issues. The CSB 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 Development. The operational work is done by the Corporate Sustainability Office (CSO), which consists of representatives from the specialist units and the business divisions.

## **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** |
| Row 1 | January 1 2017 | December 31 2017 | No | <Not Applicable> |
| Row 2 | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Row 3 | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Row 4 | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |

## **C0.3**

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

Argentina

Austria

Belgium

Brazil

Czechia

Denmark

France

Germany

Hungary

India

Indonesia

Italy

Japan

Mexico

Netherlands

Poland

Portugal

Romania

Slovenia

South Africa

Spain

Sweden

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 consolidation approach to your Scope 1 and Scope 2 greenhouse gas 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) of the individual(s) on the board with responsibility for climate-related issues.**

|  |  |
| --- | --- |
| **Position of individual(s)** | **Please explain** |
| Board/Executive board | The highest position responsible for aspects related to climate change is the Member of the Board of Management responsible for Group Research and Mercedes-Benz Cars Development. This position takes the responsibility for the development of products and services and research activities for innovative drivetrain technologies and is thus responsible for the key levers to reduce the impact of our products on the climate. The individual reports continuously to the Chairman of the Board on developments and matters in its field of responsibility. The individual is responsible for a sustainable, low-carbon overall Research and Development policy. Environmentally responsible product development that integrates emission targets in the early stages of the development process, is overseen by this individual. Also, he oversees the CO2 steering committee which initiates long-term measures and organizes holistic assessments in order to meet target values. |

## **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** | **Please explain** |
| Scheduled – all meetings | Reviewing and guiding strategy  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 | i) The central committee for climate-related issues, Corporate Sustainability Board (CSB), works on sustainability issues and steers the sustainability program. To the Board of Management, the CSB serves as source for advice with respect to sustainability issues. During the reporting period, the Group-wide sustainability strategy, which is part of our corporate strategy, was refocused. The strategy was regularly discussed and reviewed by the CSB and the Board of Management ii) Reports regarding the current risk situation and the effectiveness, functionality and appropriateness of the internal control and risk management system are regularly presented to the Board of Management and to the Audit Committee of the Supervisory Board of Daimler AG as well as to the Group Risk Management Committee (GRMC). Furthermore, the responsible managers regularly discuss risks and opportunities out of business operations with the Board of Management. iii) The requirement for sustainable corporate management is established at the top management level, as the Board of Management remuneration also takes into account non-financial targets. The Board of Management approves target values for e.g. CO2 emissions reduction of products and approves environmental and energy related guidelines. iv) The central committee for climate-related issues, Corporate Sustainability Board, works and decides on relevant sustainability issues. It informs the Board of Management at least once a year about its most relevant accomplishments and challenges. This way the stringent implementation of sustainability initiatives is ensured. v) Climate-related issues are integrated in strategic decisions for major capital expenditures for e.g. research and development or the extension of production capacities. An example is the second battery factory in Kamenz that has been design as a CO2-neutral factory. Major capital expenditures are regularly discussed on the Board. vi) For example the controlling process for reaching CO2 fleet consumption target is shown as an example. The body responsible for complying with these goals is the CO2 steering committee, which is headed by the Board of Management member responsible for Group Research and Mercedes-Benz Cars Development. The committee reports to the Board about target achievement on a constant basis. |

## **C1.2**

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

|  |  |  |
| --- | --- | --- |
| **Name of the position(s) and/or committee(s)** | **Responsibility** | **Frequency of reporting to the board on climate-related issues** |
| Other C-Suite Officer, please specify (Head of Group Reasearch &MBC Development)  *The full and correct title of this position is Member of the Board of Management of Daimler AG responsible for Group Research & Mercedes-Benz Cars Development* | Both assessing and managing climate-related risks and opportunities | 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.**

i) The highest position below board-level responsible for aspects related to climate change is the chairman of the Corporate Sustainability Board (CSB). The CSB is co-chaired by the Board of Management member for Group Research and Mercedes Benz Cars Development and Board of Management member for Integrity and Legal Affairs. The chairmen of the Corporate Sustainability Board (CSB) report at least once a year directly to the Chairman of the Board of Management (BoM). The Corporate Sustainability Board (CSB) meets four times per year.

The CSB combines at the highest level all management processes and areas of responsibility that are relevant to climate change. The CSB is supported by the Corporate Sustainability Board Office (CSO), which is a preparatory and advisory panel. The CSO ensures that all relevant corporate departments, established bodies, and key decision-makers from all divisions are involved in sustainability and in particular in climate change management activities.

ii) The chairman of the CSB ensure that climate-related issues are part of our corporate strategy and make sustainability a fundamental corporate principle. CSB members take over the patronage for specifically defined climate related targets and activities, which are dealt with in the Corporate Sustainability Office (CSO). The results and performance status are regularly reported to the CSB. The chairman CSB serve to the Board of Management as source for advice with respect to climate related issues. Climate-related issues are integrated in all meetings as climate protection is one of our focal topics in our sustainability strategy. During every CSB meeting the sustainability strategy, measures and/or their implementation are discussed.

iii) Within the reporting year 2017, our Group-wide sustainability strategy, which is part of our corporate strategy was refocused in cooperation with stakeholders. The chairman of the CSB provides guidance for the process of identification of relevant fields of action within the long-term strategy. Climate protection is defined as one of our focal topics. All business units are systematically integrated when defining strategies for climate protection. The CSB sets focus on substantial climate protection issues and commissions tasks on the basis of the fundamental work done by the CSO. On basis of the sustainability strategy the CSB coordinates major plans for action within all business units. 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 CSB. Therefore the Corporate Sustainability Office provides status reports to the CSB.

## **C1.3**

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

Yes

## **C1.3a**

### **(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.**

### **Who is entitled to benefit from these incentives?**

Board/Executive board

### **Types of incentives**

Monetary reward

### **Activity incentivized**

Emissions reduction target

### **Comment**

The CO2 emissions reduction target values determined for all of our development projects - including the development of a new engine, gear or whole model series but also the on-going development of existing parts and vehicles - are subsumed within the target agreement of the Board of Management member responsible for Group Research and Mercedes Benz Cars Development. This procedure helps to link CO2 reduction targets for individual projects to a sustainable, low-carbon overall R and D policy.

### **Who is entitled to benefit from these incentives?**

Facilities manager

### **Types of incentives**

Monetary reward

### **Activity incentivized**

Emissions reduction target

### **Comment**

The overall Daimler target is the continual reduction of specific CO2 emissions from production operations, to result in 20% lower emissions in 2015 as compared to 2007. For the European production plants, this target was enlarged in 2012 to a reduction of absolute CO2 emissions by 20% from early 1990s levels by 2020 (the period stipulated by the EU climate targets), despite an expected substantial increase in production volume. Both targets are apportioned for the different divisions and within the divisions apportioned for the different production sites. The plant managers / facility managers are supported by energy managers respectively environmental managers. Plant managers as well as the energy and environmental managers have a personal target agreement which includes the target value mentioned above and which is therefore part of the personal remuneration.

### **Who is entitled to benefit from these incentives?**

Other, please specify (Chief engineers for product model series)

### **Types of incentives**

Monetary reward

### **Activity incentivized**

Emissions reduction project

### **Comment**

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.

### **Who is entitled to benefit from these incentives?**

All employees

### **Types of incentives**

Monetary reward

### **Activity incentivized**

Emissions reduction project

### **Comment**

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. The monetary award will be proportioned to the first and second ranked project team members (5.000 Euro/1st ranked team and 3.000 EUR/2nd ranked team).

### **Who is entitled to benefit from these incentives?**

Buyers/purchasers

### **Types of incentives**

Recognition (non-monetary)

### **Activity incentivized**

Environmental criteria included in purchases

### **Comment**

Buyers are tracked if their respective suppliers have certified environmental management systems. This is part of their individual target achievement and influences the annual performance evaluation. In the long-term, the performance evaluation can have impact on salary and promotion opportunities.

## **C2. Risks and opportunities**

## **C2.1**

### **(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **From (years)** | **To (years)** | **Comment** |
| Short-term | 0 | 1 | In the context of operative planning, risks and opportunities – with consideration of appropriate risk and opportunity categories – are identified and assessed for a two-year planning period. Furthermore, the discussions for the derivation of midterm and strategic targets in the context of strategic planning include the identification and assessment of risks and opportunities relating to a longer period. The reporting of risks and opportunities in the Management Report generally relates to a period of one year. |
| Medium-term | 1 | 2 | In the context of operative planning, risks and opportunities – with consideration of appropriate risk and opportunity categories – are identified and assessed for a two-year planning period. Furthermore, the discussions for the derivation of midterm and strategic targets in the context of strategic planning include the identification and assessment of risks and opportunities relating to a longer period. The reporting of risks and opportunities in the Management Report generally relates to a period of one year. |
| Long-term | 2 | 7 | In the context of operative planning, risks and opportunities – with consideration of appropriate risk and opportunity categories – are identified and assessed for a two-year planning period. Furthermore, the discussions for the derivation of midterm and strategic targets in the context of strategic planning include the identification and assessment of risks and opportunities relating to a longer period. The reporting of risks and opportunities in the Management Report generally relates to a period of one year. |

## **C2.2**

### **(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.**

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

## **C2.2a**

### **(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Frequency of monitoring** | **How far into the future are risks considered?** | **Comment** |
| Row 1 | Six-monthly or more frequently | >6 years | How far into the future are risks considered? - Up to 1 year: for short-term planning during the year - 1 to 3 years: for operative planning - more than 6 years: for financial target review |

## **C2.2b**

### **(C2.2b) Provide further details on your organization’s process(es) for identifying and assessing climate-related risks.**

Climate-related risks are integrated into Daimler's overall risk management process. As an example, reputational risks (as a subset of transitional risks arising from climate change) are examined six times a year in our Corporate Sustainability Office. The time horizon as stated in C2.2a is a long-term horizon, as climate change is a long-term process.

Risks that have been identified in the Corporate Sustainability Office are then forwarded to the company-wide risk management system, following its standard procedures.

The risk management system with regard to existence-threatening and other material risks is integrated into the value-based management and planning system of the Daimler Group. It is an integral part of the overall planning, management and reporting process in the legal entities, divisions and corporate functions. The risk management system is intended to systematically and continually identify, assess, control, monitor and report risks threatening Daimler’s existence and other material risks, in order to support the achievement of corporate targets and to enhance risk awareness at the Group. The opportunity management system at the Daimler Group is based on the risk management system.

In the context of operative planning, risks and opportunities –with consideration of appropriate risk and opportunity categories – are identified and assessed for a two-year planning period. Furthermore, the discussions for the derivation of midterm and strategic targets in the context of strategic planning include the identification and assessment of risks and opportunities relating to a longer period.

Besides the reporting at specific times, risk and opportunity management is established as a continuous task within the Group. In addition to the regular reporting, there is also an internal reporting obligation within the Group for material risks arising unexpectedly. The central Group Risk Management regularly reports the identified risks and opportunities to the Board of Management and the Supervisory Board.

Risk assessment takes place on the basis of probability of occurrence and possible impact according to the levels low, medium and high.

Principles of a substantive impact

In the context of Risk Management, risks including climate related risks are identified as substantive if they could endanger the continued existence of the Group. In this context please remark that “material” risks could develop to “substantive” risks.

## **C2.2c**

### **(C2.2c) Which of the following 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 concerning greenhouse gas emission worldwide. For Daimler, it is highly relevant to continually monitor those regulations. 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 segment is challenged by strict CO2 emission regulations of new cars in the European Union. In addition, the replacement of the NEDC (New European Driving Cycle) with the WLTP (Worldwide Harmonized Light Vehicles Test Procedure) in September 2017 is creating uncertainty. In light of today’s knowledge, this would make it more difficult to achieve the CO2 targets as of 2020. In order to obtain data that is comparable, the fleet are now being calculated back from the certification values of the WLTP test cycle to the New European Driving Cycle (NEDC). III) How is it included in climate-related risk assessments? Different risk categories including the risk type current and emerging regulation related to greenhouse gas emissions are integrated in the overall Daimler Risk Assessment. In the context of operative planning, those risks are identified and assessed for a two-year planning period. Furthermore, strategic planning processes of midterm and strategic targets include the identification and assessment of regulation risks relating to a longer period. Besides reporting at specific times, risk and opportunity management is established as a continuous task within the Group. The central Group Risk Management regularly reports the identified risks and opportunities to the Board of Management and the Supervisory Board. |
| 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. II) Company specific example: A specific risks related to emerging regulation is the regulation of CO2 emissions of heavy-duty commercial vehicles in the EU. The European Commission is currently working on methods for measuring the CO2 emissions of heavy-duty commercial vehicles that will have to be applied as of 2019. It has also decided to present a standard for limiting heavy-duty commercial vehicles’ CO2 emissions in the first half of 2018. We expect that the limits to be confirmed by the EU Parliament and Council will have to be met as of approximately 2025. III) How is it included in climate-related risk assessments? Different risk categories including the risk type current and emerging regulation related to greenhouse gas emissions are integrated in the overall Daimler Risk Assessment (described in C2.2b). In the context of operative planning, those risks are identified and assessed for a two-year planning period. Furthermore, strategic planning processes of midterm and strategic targets include the identification and assessment of regulation risks relating to a longer period. Besides reporting at specific times, risk and opportunity management is established as a continuous task within the Group. The central Group Risk Management regularly reports the identified risks and opportunities to the Board of Management and the Supervisory Board. |
| Technology | Relevant, always included | I) Why is this Risk Type relevant The automotive industry is currently facing a significant technological transformation towards low-carbon future mobility. The high dynamism of technological developments, new competitors and market situations can be linked to various risks. Investors believe that the expansion of drivetrain electrification in the coming years will lead to a high level of capital investment and a comparatively lower level of profitability. Therefore, the transformation of the mobility sector is closely and continually monitored within the internal risk assessment. II) Company specific example: Due to the planned electrification and CO2 reduction of new models the Mercedes-Benz Cars segment in particular is facing the risk that Daimler will require changed volumes of components from suppliers. This could result in over- or under-utilization 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 the context of supplier risk management, regular reporting dates are set for suppliers for which we have received early warning signals and made corresponding internal assessments. III) How is it included in climate-related risk assessments? Different risk categories including technological shifts driven by the transition to low-carbon mobility are integrated in the overall Daimler Risk Assessment (described in C2.2b). In the context of operative planning, those risks are identified and assessed for a two-year planning period. Furthermore, strategic planning processes of midterm and strategic targets include the identification and assessment of regulation risks relating to a longer period. Besides reporting at specific times, risk and opportunity management is established as a continuous task within the Group. The central Group Risk Management regularly reports the identified risks and opportunities to the Board of Management and the Supervisory Board. |
| Legal | Relevant, always included | I) Why is this Risk Type relevant Laws in various jurisdictions regulate the environmental impact of vehicles, including emission levels, fuel economy and noise, as well as the pollutants generated by the plants where vehicles are produced. Risks from legal and political framework have a considerable impact on Daimler’s future business success. Therefore, risks related to legal proceedings, claims and government investigations are highly relevant and are incorporated in the internal Risk Assessment. This includes climate-related claims (see specific example below). II) Company specific example: Pursuant to EU Directive 2006/40/EC, since January 1, 2011, vehicles only receive type approval if their air-conditioning units are filled with a refrigerant that meets certain criteria with regard to its climate impact. For vehicles produced on the basis of type approvals granted previously, the directive allowed a period of transition. Mercedes-Benz vehicles fully comply with these legal requirements as of January 1, 2017. In December 2016, the EU Commission initiated infringement proceedings against the Federal Republic of Germany in the European Court of Justice (ECJ). The Commission sees a contravention of the European type-approval directive and of the Directive on emissions from air-conditioning systems in motor vehicles by the German authorities. In March 2017, Germany’s Federal Motor Vehicle Transport Authority issued Daimler AG with an injunction requiring the changeover of those vehicles from the first half of 2013 in which the previously used refrigerant R134a was used for reasons of safety. Daimler considers the claim to be unfounded and has filed an objection to the order. III) How is it included in climate-related risk assessments? Climate-related legal risks are integrated in the overall Daimler Risk Assessment. For legal risks provisions are recognized if and insofar as they are likely to be utilized and the amounts of the obligations can be reasonably estimated. |
| 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 fulfill changing customers’ demands and statutory requirements, presents a challenge in the coming years. 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). This situation would not only have a negative impact on the sale units of Daimler’s diesel vehicles, but also present the risk that additional development and production measures would have to be taken to meet the CO2 emission targets. III) How is it included in climate-related risk assessments? The risk category “Market” is integrated in the overall Daimler Risk Assessment (described in C2.2b). The development of markets, unit sales, consumer demand and inventories is continually analyzed and monitored by Daimler’s divisions. |
| Reputation | Relevant, always included | I) Why is this Risk Type relevant 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. The current public focus on vehicle emissions as well as their measurement and impact on people and the environment jeopardizes the reputation of the automotive industry and in particular of the diesel engine. II) Company specific example: Risks arise above all in connection with the public debate about diesel vehicles and the related fundamental reconsideration of methods for measuring emissions as well as shifting customer demand. Due to the replacement of the NEDC (New European Driving Cycle) with the new measuring method WLTP (Worldwide Harmonized Light Vehicles Test Procedure), Daimler’s fleet CO2 average has worsened. In light of today’s knowledge, this would make it more difficult to achieve the CO2 targets as of 2020. III) How is it included in climate-related risk assessments? Reputational risks (as a subset of transitional risks arising from climate change) are examined six times a year in our Corporate Sustainability Office. The time horizon as stated in C2.2a is a long-term horizon, as climate change is a long-term process. Risks that have been identified in the Corporate Sustainability Office are then forwarded to the company-wide risk management system, following its standard procedures. |
| Acute physical | Relevant, always included | I) Why is this Risk Type relevant Unpredictable natural disasters such as hurricanes, earthquakes or floods can disturb production and business processes. It can also results in threats on employees of the company or attacks on material property. II) Company specific example: On March 11, 2011, an earthquake with magnitude-9 shook north-eastern Japan, unleashing a tsunami. The natural disaster affected the Daimler’s truck division Mitsubishi Fuso Truck and Bus Corporation with its main plant in Kawasaki, Japan, and other Japan facilities. As consequence of the natural disaster operations were suspended due to planned electricity suspension, safety of the employees and to ensure that its supplier can resume providing parts and materials. On March 29 2011 limited parts production and vehicle assembly could be re-started at the main plant in Kawasaki, despite unstable power situation in Japan and other related factors. III) How is it included in climate-related risk assessments? In the context of operative planning, those risks are identified and assessed for a two-year planning period. Besides reporting at specific times, risk and opportunity management is established as a continuous task within the Group. The central Group Risk Management regularly reports the identified risks and opportunities to the Board of Management and the Supervisory Board. In order to resume business operations as soon as possible after natural disasters, emergency plans are prepared for specific regions. As far as possible, precautionary measures are taken and insurance policies are arranged. |
| 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. especially for Daimler’s global and complex automotive supply chain. II) Company specific example: Daimler’s supply chain 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. III) How is it included in climate-related risk assessments? As chronic physical risks mainly affect the supply chain, those risks are included in the specific supply chain risk assessment. 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. Those risk types are included in the internal Risk Assessment. |
| Upstream | Relevant, always included | I) Why is this Risk Type relevant: Risks related to Daimler’s supply chain can affect production processes. Interruptions in the supply chain due to e.g. natural disasters, insufficient availability of vehicle components caused by e.g. changed customer behavior (electrification), and possible interruptions in supply by energy providers can lead to bottlenecks. II) Company specific example: In particular the Mercedes-Benz Cars segment is challenged by the risk of changed required volumes of components from suppliers, due to the transition to a low-carbon mobility e.g. high demand of alternative drive train systems. This could result in over- or under-utilization of production capacities for certain suppliers. III) How is it included in climate-related risk assessments? 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 increasing inventories and building up alternative supply lines, as required. In order to avoid bottleneck situations, importance is placed upon being able to compensate for capacity constraints through forward planning. Daimler addresses procurement risks by means of concerted commodity and supplier risk management. |
| Downstream | Relevant, always included | I) Why is this Risk Type relevant: Daimler’s success depends on and are affected by downstream activities as market development and the associated customer behavior as well as reputation and regulation. Those aspects can be influenced by the political situation regarding on greenhouse gas emission and the perception of Daimler’s contribution to the transformation of a lower carbon mobility. II) Company specific example: As an example of downstream risk, the public debate about diesel vehicles can be highlighted. 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) and affect the market development. III) How is it included in climate-related risk assessments? Downstream risks related to reputation, market affecting regulations and technology developments are integrated in the overall Daimler Risk Assessment (as described in C2.2b). In the context of operative planning, those risks are identified and assessed for a two-year planning period. Besides reporting at specific times, risk and opportunity management is established as a continuous task within the Group. The central Group Risk Management regularly reports the identified risks and opportunities to the Board of Management and the Supervisory Board. |

## **C2.2d**

### **(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.**

Climate-related risks & opportunities (R&O) management is integrated into our company's internal control and risk management system with regard to the accounting process, therefore standardized processes are applied to climate-related topics in order to ensure an equivalent stringency of management measures.

The internal control & risk management system with regard to the accounting process has the objective of ensuring the correctness and effectiveness of accounting and financial reporting. The effectiveness of the internal control system is systematically assessed with regard to the corporate accounting process. The first step consists of risk analysis and the definition of control. Significant risks are identified relating to the processes of corporate accounting and financial reporting in the main legal entities and corporate functions.

The controls required are then defined and documented in accordance with Group-wide guidelines. Random samples are regularly tested to assess the effectiveness of the controls. Those tests constitute the basis for self-assessment of the appropriate magnitude and effectiveness of the controls. Identified weaknesses are eliminated with consideration of their potential effects. The selected legal entities and corporate functions confirm the effectiveness of the internal control and risk management system with regard to the corporate accounting process. The Board of Management (BoM) and the Audit Committee of the Supervisory Board are regularly informed about the effectiveness of the control mechanisms installed.

The organizational monitoring of risk & opportunity management takes place through the risk management organization established at the Group. The divisions, corporate functions and legal entities are requested to report on concrete R&O at regular intervals. This information is passed on to Group Risk Management, which processes the information and provides it to the BoM and the Supervisory Board as well as to the Group Risk Management Committee.

Reports regarding the current risk situation and the effectiveness, functionality and appropriateness of the internal control & risk management system are regularly presented to the BoM and to the Audit Committee of the Supervisory Board. Furthermore, the responsible managers regularly discuss R&O out of business operations with the BoM.

Case study for transitional risks: R&O related to the legal and political framework

The automotive industry is subject to extensive governmental regulation worldwide. R&O 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. Complying with these varied and often diverging regulations all over the world requires strenuous efforts on the part of the automotive industry.

How this risk is actually managed:

The body responsible for complying with CO2 goals is the CO2 steering committee. The fleet values for CO2 emissions are calculated on the basis of the fuel economy figures of the vehicles available on the market and the fuel economy specifications and prognoses for vehicles that are still in the development phase. These values are combined with the sales forecasts to arrive at the projected fleet consumption values for CO2 emissions. The actual values may deviate from the projected target values because of various external factors such as alterations in the sales structure, changes in the political framework conditions (regulatory risks) or changes in the fuel consumption target values of the vehicles that are still in the development phase. In case of a deviation, the CO2 steering committee organizes an assessment of various options and then decides on the measures to be initiated. From a strategic standpoint, this process takes place over a period of approximately ten years.

Case study for physical risks: Physical threats to production processes and interruptions of supply chain

Unpredictable events such as natural disasters can disturb production and business processes. This was proven in 2011, when the flooding in Thailand caused interruptions in the automotive supplier industry. Insufficient availability of vehicle components at the right time, interruptions in the supply chain and possible interruptions in supply by energy providers can lead to bottlenecks, especially at the Mercedes-Benz Cars division.

How this risk is actually managed:

In order to avoid such bottleneck situations, importance is placed upon being able to compensate for capacity constraints through forward planning. As a result of the risk management process, supplier management is undertaken for the prevention of risks with the aim of increasing inventories in good time and building up alternative supply lines, as required. In order to cope with natural disasters, emergency plans are prepared to allow the resumption of business operations as soon as possible.

## **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?**

No

## **C2.3b**

### **(C2.3b) Why do you not consider your organization to be exposed to climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

|  |  |  |
| --- | --- | --- |
|  | **Primary reason** | **Please explain** |
| Row 1 | Risks exist, but none with potential to have a substantive financial or strategic impact on business | We have installed a risk management process that identifies, evaluates, controls, monitors and reports risks and opportunities such as, e. g., risks related to the legal and political framework, including CO2 legislation (see 2.2c). We communicate risks and opportunities in our Annual Report, which follows strict reporting standards. With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable – neither on the balance sheet date nor at the time of preparing the consolidated financial statements for the reporting year– that either alone or in combination with other risks could endanger the continued existence of the Group. |

## **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?**

No

## **C2.4b**

### **(C2.4b) Why do you not consider your organization to have climate-related opportunities?**

|  |  |  |
| --- | --- | --- |
|  | **Primary reason** | **Please explain** |
| Row 1 | Opportunities exist, but none with potential to have a substantive financial or strategic impact on business | Of course we see various opportunities arising from, e.g., selling cars with alternative propulsion technologies or car sharing. However, our opportunities disclosure follows our standardized risks and opportunities management process as outlined in our Annual Report. The identified opportunities in this field are below the materiality threshold of Daimler. We cannot deviate from this relevant reporting custom. |

## **C2.5**

### **(C2.5) Describe where and how the identified risks and opportunities have impacted your business.**

|  |  |  |
| --- | --- | --- |
|  | **Impact** | **Description** |
| Products and services | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Supply chain and/or value chain | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Adaptation and mitigation activities | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Investment in R&D | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Operations | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Other, please specify | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |

## **C2.6**

### **(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.**

|  |  |  |
| --- | --- | --- |
|  | **Relevance** | **Description** |
| Revenues | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Operating costs | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Capital expenditures / capital allocation | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Acquisitions and divestments | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Access to capital | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Assets | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Liabilities | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |
| Other | We have not identified any risks or opportunities | According to scoring methodology (if selected “No” in C2.3 and C2.4, you should select “We have not identified any risks or opportunities”). With regard to the definition of substantive as described in question 2.2b, for the reporting year, no risks are recognizable that either alone or in combination with other risks could endanger the continued existence of the Group. The identified opportunities in this field are below the materiality threshold of Daimler. |

## **C3. Business Strategy**

## **C3.1**

### **(C3.1) Are climate-related issues integrated into your business strategy?**

Yes

## **C3.1a**

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

Yes, qualitative

## **C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b)**

### **(C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b) Indicate whether your organization has developed a low-carbon transition plan to support the long-term business strategy.**

Yes

## **C3.1c**

### **(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.**

Climate-related issues have been integrated in Daimler's strategy for many years. Chapter C1. (Governance) gives an insight of the structural integration. This structure has been stable for years and is being continued in the future. We'd now like to give you an insight how climate-related concerns have been influential to our most recent business re-sharpening.

(i) Recent influence of climate-related issues

The "Purpose" intiative has just recently been launched at Mercedes-Benz. The initiative intensively addresses the crucial question of the company’s deeper purpose. It aims at a long-term orientation of decisions and socially responsible action. Those two aspects - long-term orientation and responsibility - are the principles applied to fundamental decisions that arise from the initiative. Those two principles perfectly manifest themselves in climate action. So, to give a demonstration of exemplary "Purpose" decision making, Mercedes-Benz Cars plants in Germany will become CO2-neutral by 2022. The link between the "Purpose" initiative and this decision - the first tangible result of the initiative - was emphasized both in our internal and in our external communication.

(ii) Link to an emissions reductions target or energy reduction target

The target to become CO2 neutral in our German Mercedes-Benz Cars plants by 2022 is a step beyond our scope 1 and 2 target program as it existed until 2018. Until then, we had published several emissions reduction targets, e. g., an absolute CO2 target for scope 1 and 2 in Europe until 2020, a worldwide intensity target for scope 1 and 2 until 2020. The latest publication of these targets was in April 2018 along with our "Sustainability Report 2017". Now, the CO2-neutral target for 2022 offers a glimpse of what will come beyond the year 2020.

(iii) Most substantial business decision

Whereas the CO2-neutrality target tackles scope 1 and 2 emissions (our operations/production), we also decided to join forces among our trucks brands. As a result, Daimler Trucks consolidates its global know-how for electric drivetrains in commercial vehicles in the new unit E-Mobility Group. Daimler Trucks is the global leader of the trucking industry and we intend to remain in that position with electric trucks. We were first-movers on electric trucks and strive to set the standard in each relevant segment in which we compete. With the formation of our new global E-Mobility Group, we will maximize the impact of our investments in this key strategic technology. Thus, we can pursue the best solutions in batteries, charging solutions and energy management.

Today, in terms of fuel consumption, heavy-duty trucks already show an excellent efficiency (emissions per ton-kilometer). Still, transport volumes have been increasing over the last years on a global scale, causing a substantial amount of GHG emissions.

Aspect of climate-change:

The aspect of climate-change that has lead to this decision is the need to reduce GHG emissions. There is no current regulation in place, but we anticipate reguluations in this field as well.

Electric trucks - in line with the use of renewable electricity for charging - set GHG emissions close to zero. We have made this latest business decision in order to accelerate the development of electric trucks - as one of the necessary answers to freight transport emissions.

## **C3.1d**

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

|  |  |
| --- | --- |
| **Climate-related scenarios** | **Details** |
| 2DS | (i) How the selected scenario was identifed, with reference to the inputs, assumptions and analytical methods used We identified IEA’s 2DS scenario when we were looking for a scenario that was compliant with the Paris Agreement. The 2DS scenario is applied by the Science-based Targets Initiative (SBTi) for their “Sectoral Decarbonization Approach” forecasts. In order to get more insight we supported the SBTi in a WWF-led project for the transport sector that is currently (June/July 2018) finalized. - Inputs: For our first evaluation we have used the inputs exactly as required by the SBTi, with the main inputs being the scope 3 emissions from the use of our products. - Assumptions: Key assumptions are based on the IEA’s “Energy Technology Perspectives” for a 2-degrees-compliant traffic scenario. Although we do not fully support these assumptions, we have not altered them for our first evaluation. - Analytical methods: The “Sectoral Decarbonization Approach” merges a company’s own projections and emissions performance with the assumptions in IEA’s “Energy Technology Perspective”, taking into account the industrial sector and the remaining GHG budget in a 2-degrees-compliant outlook to 2050. GHG reduction pathways are then developed individually for each company. (ii) Time horizons considered, and why they are relevant to our organization The methodology defines emissions pathways until 2050. This is a critical timeframe for achieving the goals from the Paris Agreement. For our own target evaluation we apply different time horizons which depend on the individual targets that we have set for our business units. (iii) Areas of the organisation that have been considered as part of the scenario analysis Our business units critical for scope 3 emissions: Mercedes-Benz Cars, Trucks, Vans. Buses are currently not included due to lack of data in the IEA’s “Energy Technology Perspective”. (iv) Company specific description summary of the results of the conducted scenario analysis The scenario shows individual results for each business unit. For example, it enables us to evaluate our Mercedes-Benz Cars targets with regards to the Paris Agreement (same for Trucks and Vans). Please do understand that the project is in its final stage and we were not yet able to review all aspects, so we have not come to a complete evaluation yet. (v) How the results of the scenario analysis have informed our business objectives and strategy The first results provide an indication of reduction pathways. The targets which we currently have published can be tested, but more important, we will compare the scenario results when we will set new targets. (vi) Example of how the results of scenario analysis have directly influenced our business objectives and strategy The focus of the WWF-led scenario project is on scope 3 emissions (product emissions targets), where final results are still to be delivered. However, the 2DS scenario also gives an indication for scope 1 and scope 2 emissions, where we have identified the need for action. The decision to become CO2-neutral in our German Mercedes-Benz Cars plants in 2022 addresses this need for action, as this will put scope 1 and 2 emissions to zero in large parts of our production network. |

## **C-AC3.1e/C-CE3.1e/C-CH3.1e/C-CO3.1e/C-EU3.1e/C-FB3.1e/C-MM3.1e/C-OG3.1e/C-PF3.1e/C-ST3.1e/C-TO3.1e/C-TS3.1e**

### **(C-AC3.1e/C-CE3.1e/C-CH3.1e/C-CO3.1e/C-EU3.1e/C-FB3.1e/C-MM3.1e/C-OG3.1e/C-PF3.1e/C-ST3.1e/C-TO3.1e/C-TS3.1e) Disclose details of your organization’s low-carbon transition plan.**

A long-term transition to low-carbon business requires holistic action - which means that we need to tackle both scope 1, scope 2 and scope 3 emissions.

Scope 1 and 2:

An effective strategy to reduce scope 1 and scope 2 emissions is CO2-neutral production. We have set an interim target to become CO2-neutral by 2022 in our German Mercedes-Benz Cars plants. This is an interim target, as it doesn't cover for all our company-wide scope 1 and 2 emissions. Still, Mercedes-Benz Cars is our largest business unit, with Germany being the most material location in terms of scope 1 and 2.

Scope 3:

We invest heavily in the reduction of our products' CO2 emissions. We work on or have already launched electric versions in all our business untis. As an example, we have set the interim target to provide 10 fully electric Mercedes-Benz passenger cars in 2022.

## **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

### **Scope**

Scope 1 +2 (market-based)

### **% emissions in Scope**

80

### **% reduction from base year**

20

### **Base year**

1994

### **Start year**

2013

### **Base year emissions covered by target (metric tons CO2e)**

2500000

### **Target year**

2020

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

No, but we anticipate setting one in the next 2 years

### **% achieved (emissions)**

95

### **Target status**

Underway

### **Please explain**

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.

## **C4.1b**

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

### **Target reference number**

Int 1

### **Scope**

Scope 1 +2 (market-based)

### **% emissions in Scope**

100

### **% reduction from baseline year**

40

### **Metric**

Metric tons CO2e per metric ton of product

### **Base year**

2007

### **Start year**

2008

### **Normalized baseline year emissions covered by target (metric tons CO2e)**

1.44

### **Target year**

2020

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

No, but we anticipate setting one in the next 2 years

### **% achieved (emissions)**

85

### **Target status**

Underway

### **Please explain**

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 (1.44) is the value for the Mercedes-Benz Cars division. Still, the target covers 100% of our product range. Note: Our former intensity target (minus 20% until 2015, vs. base year 2007) has expired, so we extended the target until 2020.

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

7.7

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

### **Target reference number**

Int 2

### **Scope**

Scope 3: Use of sold products

### **% emissions in Scope**

100

### **% reduction from baseline year**

37

### **Metric**

Other, please specify (g CO2 per vehicle km)

### **Base year**

2010

### **Start year**

2015

### **Normalized baseline year emissions covered by target (metric tons CO2e)**

158

### **Target year**

2021

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

No, but we anticipate setting one in the next 2 years

### **% achieved (emissions)**

57

### **Target status**

Underway

### **Please explain**

By reducing our passenger car fleet emissions from year to year, our customers emit less CO2 than using models from previous years. The measure for our target, which we published in our 2015 Sustainability Report, is “grams of CO2 per kilometer", as this goes hand in hand with the New European Driving Cycle (NEDC), the driving cycle for the European emissions legislation. As today there is no worldwide fleet emissions standard we choose this European pathway. The scope of this target is the EU new passenger car fleet. In consideration of the expected average vehicle weight, we have set a target of 100 grams of CO2 per Kilometer. Our base year (2010) CO2 emissions were 158 g CO2/km. In 2017 we reached 125 g CO2/km.

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

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

## **C4.2**

### **(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.**

## **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 projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

|  |  |  |
| --- | --- | --- |
|  | **Number of projects** | **Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked \*)** |
| Under investigation | 215 |  |
| To be implemented\* | 175 | 41000 |
| Implementation commenced\* | 46 | 5500 |
| Implemented\* | 117 | 11500 |
| Not to be implemented | 84 |  |

## **C4.3b**

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

### **Activity type**

Energy efficiency: Building services

### **Description of activity**

HVAC

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

400

### **Scope**

Scope 1

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in CC0.4)**

66000

### **Investment required (unit currency – as specified in CC0.4)**

10000

### **Payback period**

<1 year

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

Ongoing

### **Comment**

Within the reporting period 2017, more than 100 efficiency and emission reduction projects could be implemented successfully and account to Daimler's efficiency activities. An exemplary measure is the reduction of the activity of air renewal/air exchange during the winter period while safeguarding air quality. We transferred a concept from our plant in Rastatt to another plant, so investment costs for the concept development were low (approx. 10.000 Euro) and thus the payback period is under one year. The best practice of the previous project was transferred in an optimal way. We are constantly using knowledge sharing as important tool regarding energy efficiency projects at our plants.

### **Activity type**

Energy efficiency: Processes

### **Description of activity**

Compressed air

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

1400

### **Scope**

Scope 1

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in CC0.4)**

365000

### **Investment required (unit currency – as specified in CC0.4)**

260000

### **Payback period**

1-3 years

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

Ongoing

### **Comment**

Within the reporting period 2017, more than 100 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 in cluster where feasible: At five German Mercedes-Benz Cars and Trucks plants several compressed air projects could be completed in 2017. The individual measures comprise the reduction of the base load pressure level for compressed air through reconstruction of the compressed air facilities and optimized compressed air leakage inspection walk. All projects have a short payback period of around 1,5 years. Those measures facilitate energy reduction that lead to annual savings of around 365,000 Euro and 1,400 tonnes of CO2 emissions per year. The total investment costs for the compressed air measures amount to 260,000 Euro.

### **Activity type**

Energy efficiency: Building services

### **Description of activity**

Lighting

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

1600

### **Scope**

Scope 1

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in CC0.4)**

400000

### **Investment required (unit currency – as specified in CC0.4)**

1400000

### **Payback period**

4 - 10 years

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

Ongoing

### **Comment**

Within the reporting period 2017, more than 100 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 in cluster where feasible: At production sites 21 individual lighting projects were implemented and aggregated. One example of an individual project is the converting of the complete lightning at one production hall of Mercedes-Benz Cars segment to approx. 3000 efficient LEDs. In addition, in our production plant in Buenos Aires (Argentina) lightning systems are switched to LED technology in case of failure of the existing lightning and intelligent light concepts for different work zones are set up. All lighting measures within the reporting year lead to savings of around 1,500 tonnes CO2 emission with related investment costs of 1.4 Million Euro.

### **Activity type**

Energy efficiency: Building services

### **Description of activity**

HVAC

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

1600

### **Scope**

Scope 1

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in CC0.4)**

400000

### **Investment required (unit currency – as specified in CC0.4)**

1700000

### **Payback period**

4 - 10 years

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

Ongoing

### **Comment**

Within the reporting period 2017, more than 100 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 in cluster where feasible: The values described in this example combine around 12 measures for ventilation optimization process in our facilities such as reconstruction of ventilation systems in laboratories or optimized shut-down plans for fume extraction. Due to the investment costs for new ventilation technologies, the average pack back period for ventilation measures amount to around 4.3 years. Through ventilation optimization measures 1,600 tonnes CO2 emission can be saved.

### **Activity type**

Energy efficiency: Processes

### **Description of activity**

Combined heat and power

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

4400

### **Scope**

Scope 1

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in CC0.4)**

1400000

### **Investment required (unit currency – as specified in CC0.4)**

4200000

### **Payback period**

1-3 years

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

Ongoing

### **Comment**

With the installation of a new CHP plant at our production location in Germany, Hamburg, the operation of the boiler house could be reduced. This measure lead to a significant emission reduction of around 4,400 tonnes CO2 per year. On the same time, a payback period of approx. 3 years is realized with annual savings of around 1,4 Million Euro.

### **Activity type**

Energy efficiency: Processes

### **Description of activity**

Heat recovery

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

850

### **Scope**

Scope 1

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in CC0.4)**

83000

### **Investment required (unit currency – as specified in CC0.4)**

515000

### **Payback period**

4 - 10 years

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

Ongoing

### **Comment**

In our assembly plant in Bremen, an outdated ventilation system were replaced by efficient fans and an heat recovery system. The measure is related to a pay back period of 6.2 years. 850 tonnes CO2 emission and 83,000 Euro can be saved per year.

### **Activity type**

Energy efficiency: Processes

### **Description of activity**

Machine replacement

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

900

### **Scope**

Scope 1

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in CC0.4)**

200000

### **Investment required (unit currency – as specified in CC0.4)**

1000000

### **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, the replacement of equipment for efficiency reasons is one activity cluster. In the reporting year 2017, more then 20 measures related to the replacement or extension of equipment were realized. Through this around 900 tonnes CO2 emission could be saved. The aggregated amount of annual financial savings amount to 212,000 Euro. One exemplary measure with a small scale is the optimization of the efficiency of a coating in our plant in Hamburg. In order to increase efficiency the integrated gas burner was replaced and down sized. This individual measure presents a payback period of around one year (investment 3500 Euro) and saves 10 tonnes CO2 emission per year.

## **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. |
| 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. |
| Please select |  |

## **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?**

No

## **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**

### **Base year end**

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

### **Comment**

## **C5.2**

### **(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 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?**

### **Row 1**

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

1192000

### **End-year of reporting period**

<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?**

### **Row 1**

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

2041000

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

1763000

### **End-year of reporting period**

<Not Applicable>

### **Comment**

## **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 the source is excluded**

There are minor emissions of climate-relevant coolants that we use at German plants. These emissions only make up for a minimal portion of our overall GHG emissions. 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 Scope 3 emissions, disclosing and explaining any exclusions.**

### **Purchased goods and services**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

17200000

### **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 (5% of our 2017 sales) were assigned to other matching models. E.g., we used the LCA for the Mercedes-Benz GLE-Class to estimate emissions arising from the Mercedes-Benz R-Class as both models are based on the same platform.

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

95

### **Explanation**

### **Capital goods**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

1068000

### **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 €1,002 million. Investments for factory, office and other equipment were €1,407 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**

### **Explanation**

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

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

192000

### **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 2017 consumption was as follows: - Electricity: 4,284 GWh (not considered within this category anymore, see text explanation above) - Natural gas: 5,167 GWh - District heating: 909 GWh - Fuel oil: 106 GWh - Liquefied petroleum gas (LPG): 94 GWh - Coal: 54 GWh - Fuel: 726 GWh

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

### **Explanation**

### **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. In 2017 approximately 7.5 million tonnes of commodities were transported by trucks over a total of 322 million kilometres. 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**

### **Explanation**

### **Waste generated in operations**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

904000

### **Emissions calculation methodology**

Our company's waste volumes in 2017: - Waste for disposal: 82,000 tonnes - Waste for reuse: 239,000 tonnes (excluding scrap metal) - Scrap metal for reuse: 858,000 tonnes - Hazardous waste for disposal: 15,000 tonnes - Hazardous waste for reuse: 75,000 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**

### **Explanation**

### **Business travel**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

95800

### **Emissions calculation methodology**

Business travel is booked via our corporate travel management. In 2017, business trips from German locations resulted in the emission of 100 tonnes of CO2 from trains (source of emission factors: Deutsche Bahn AG) and 95,700 tonnes of CO2 from plane (source of emission factors: Germanwatch e. V.). This accounts for 60% 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**

### **Explanation**

### **Employee commuting**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

287000

### **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**

### **Explanation**

### **Upstream leased assets**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

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

### **Explanation**

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 2017 we identified 7,426,000 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**

### **Explanation**

### **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**

### **Explanation**

### **Use of sold products**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

60200000

### **Emissions calculation methodology**

In 2016 we changed the methodology. For the first time we use beside the EU specific CO2-emissions (NEDC: New European Driving Cycle), the specific values for cars sold in the USA (FTP-75: EPA Federal Test Procedure), China (NEDC) and Rest of World (average of EU, USA, China). The number of Mercedes-Benz, smart and Maybach cars (2,373,527) sold in 2017 are multiplied with the European (125 g/km), USA (projection: 181 g/km), China (projection: 162 g/km) and RoW (146 g/km) average specific CO2 emissions and an annual mileage of 15,000 km. Assuming a 10-year use phase CO2 emissions from cars sold in 2017 add up to 52,300,000 tonnes for the vehicle lifetime of 150,000 km. Including the fuel & electricity production with approximately 7,900,000 tonnes the CO2 emissions rises up to 60,200,000 tonnes.

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

100

### **Explanation**

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

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

1000000

### **Emissions calculation methodology**

All Mercedes-Benz and smart cars sold in 2017 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 2017, 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

### **Explanation**

### **Downstream leased assets**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

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

### **Explanation**

"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**

633000

### **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 6662 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 598,500 tonnes CO2.

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

### **Explanation**

### **Investments**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

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

### **Explanation**

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**

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

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

### **Explanation**

### **Other (downstream)**

### **Evaluation status**

### **Metric tonnes CO2e**

### **Emissions calculation methodology**

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

### **Explanation**

## **C6.7**

### **(C6.7) Are carbon dioxide emissions from biologically sequestered 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**

0.00001798

### **Metric numerator (Gross global combined Scope 1 and 2 emissions)**

2955000

### **Metric denominator**

unit total revenue

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

164330000000

### **Scope 2 figure used**

Market-based

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

6.2

### **Direction of change**

Decreased

### **Reason for change**

We constantly introduce new energy and emission reduction measures 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. Moreover, we have expanded our capacity for combined heat and power generation (CHP) where we use low-carbon fuels (natural gas). In 2017, our revenue increased to €164,330 million (€153,261 million in 2016). Combined Scope 1 and 2 emissions increased to 2,955,000 metric tonnes (2,938,000 metric tonnes in 2016). The reduction of CO2 emissions as a result of our energy and emission reduction measures combined with an increase in revenue led to a 6.2% decrease of the given intensity figure from 2016 (0.00001917 metric tonnes CO2/€) to 2017 (0.00001798 metric tonnes CO2/€).

### **Intensity figure**

0.843

### **Metric numerator (Gross global combined Scope 1 and 2 emissions)**

1530180

### **Metric denominator**

unit of production

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

1814839

### **Scope 2 figure used**

Market-based

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

1.73

### **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 managed again to reduce the energy and GHG intensity of our production of Mercedes-Benz Cars year by year. Moreover, we have expanded our capacity for combined heat and power generation (CHP) where we use low-carbon fuels (natural gas). 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.

### **Intensity figure**

1.844

### **Metric numerator (Gross global combined Scope 1 and 2 emissions)**

878682

### **Metric denominator**

unit of production

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

476443

### **Scope 2 figure used**

Market-based

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

12.39

### **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 energy and GHG intensity of our production of Daimler Trucks year by year. Moreover, we have expanded our capacity for combined heat and power generation (CHP) where we use low-carbon fuels (natural gas). 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.

### **Intensity figure**

0.507

### **Metric numerator (Gross global combined Scope 1 and 2 emissions)**

174987

### **Metric denominator**

unit of production

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

345151

### **Scope 2 figure used**

Market-based

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

11.52

### **Direction of change**

Decreased

### **Reason for change**

This is the specific CO2 emissions figure (Scope 1 + 2) for the business unit Mercedes-Benz Vans. We managed again to reduce the energy and GHG intensity of our production of Daimler Trucks year by year. Moreover, we have expanded our capacity for combined heat and power generation (CHP) where we use low-carbon fuels (natural gas). 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.

### **Intensity figure**

2.458

### **Metric numerator (Gross global combined Scope 1 and 2 emissions)**

70099

### **Metric denominator**

unit of production

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

28518

### **Scope 2 figure used**

Market-based

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

13.02

### **Direction of change**

Decreased

### **Reason for change**

This is the specific CO2 emissions figure (Scope 1 + 2) for the business unit Daimler Buses. Only the Daimler Busses unit couldn´t reduce its specific emissions despite of various efforts. Reasons of that were the reduced sales of Busses while constant energy consumption and energy intensive model changes. 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.

### **Intensity figure**

0.996

### **Metric numerator (Gross global combined Scope 1 and 2 emissions)**

2653947

### **Metric denominator**

unit of production

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

2664951

### **Scope 2 figure used**

Market-based

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

4.53

### **Direction of change**

Decreased

### **Reason for change**

This is the specific CO2 emissions figure (Scope 1 + 2) for Daimler. We managed again to reduce the energy and GHG intensity of our production of Daimler vehicles year by year. Moreover, we have expanded our capacity for combined heat and power generation (CHP) where we use low-carbon fuels (natural gas).

## **C7. Emissions breakdowns**

## **C7.1**

### **(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?**

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 | 11330 |
| Austria | 544 |
| Belgium | 78 |
| Brazil | 15792 |
| Czechia | 4992 |
| Denmark | 154 |
| France | 13781 |
| Germany | 855637 |
| Hungary | 21917 |
| India | 5875 |
| Indonesia | 39 |
| Italy | 760 |
| Japan | 44847 |
| Mexico | 25193 |
| Netherlands | 34 |
| Poland | 232 |
| Portugal | 1112 |
| Romania | 4737 |
| Slovenia | 18 |
| South Africa | 13083 |
| Spain | 23967 |
| Sweden | 35 |
| Switzerland | 178 |
| Turkey | 30801 |
| United Kingdom of Great Britain and Northern Ireland | 2211 |
| United States of America | 113355 |
| Viet Nam | 1297 |

## **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 | 505642 |
| Daimler Trucks | 362152 |
| Mercedes-Benz Vans | 120907 |
| Daimler Buses | 39901 |
| Other corporate departments | 163398 |

## **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 generation 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 (downstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Steel production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport OEM activities | 1028602 | <Not Applicable> | Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, 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 in market-based approach (MWh)** |
| Argentina | 13626 | 13626 | 35485 | 12689 |
| Austria | 179 | 179 | 1090 | 892 |
| Belgium | 76 | 76 | 336 | 215 |
| Brazil | 24180 | 24180 | 154013 | 116635 |
| Czechia | 7675 | 10023 | 14731 | 6929 |
| Denmark | 75 | 75 | 430 | 228 |
| France | 3303 | 3303 | 71954 | 68068 |
| Germany | 1406386 | 1153094 | 3702829 | 1119133 |
| Hungary | 24001 | 24001 | 87596 | 55761 |
| India | 38004 | 38004 | 53479 | 8948 |
| Indonesia | 2013 | 2353 | 2746 | 314 |
| Italy | 1283 | 1283 | 3738 | 1607 |
| Japan | 48655 | 46048 | 89837 | 12775 |
| Mexico | 36883 | 36883 | 80206 | 16640 |
| Netherlands | 233 | 233 | 328 | 44 |
| Poland | 760 | 760 | 1041 | 134 |
| Portugal | 1201 | 1305 | 3471 | 2115 |
| Romania | 19849 | 17265 | 58380 | 34915 |
| Slovenia | 1355 | 2909 | 5112 | 3886 |
| South Africa | 73458 | 76426 | 74200 | 5984 |
| Spain | 34462 | 899 | 117916 | 116612 |
| Sweden | 56 | 56 | 621 | 603 |
| Switzerland | 11 | 11 | 621 | 595 |
| Turkey | 15005 | 15005 | 34025 | 7114 |
| United Kingdom of Great Britain and Northern Ireland | 9528 | 10357 | 27389 | 10548 |
| United States of America | 274524 | 277481 | 564435 | 182388 |
| Viet Nam | 4221 | 7166 | 8793 | 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 emissions (metric tons CO2e)** | **Scope 2, market-based emissions (metric tons CO2e)** |
| Mercedes-Benz Cars | 1144252 | 1024538 |
| Daimler Trucks | 589528 | 516530 |
| Mercedes-Benz Vans | 95736 | 54080 |
| Daimler Buses | 33405 | 30198 |
| Other corporate departments | 178079 | 137655 |

## **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 (downstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Steel production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport OEM activities | 1862921 | 1625345 | Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, 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**

78

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

16875000

### **Metric denominator**

p.km

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

216000000000

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

2

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

900000

### **Vehicle lifetime in years**

10

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

15000

### **Load factor**

1.6

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

Appr. 900,000 vehicles sold in 2017 in EU. Changes: (125 g CO2/km (2017)-123 g CO2/km (2016))/123 g CO2/km = 2%

## **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?**

Increased

## **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 |  | <Not Applicable> |  |  |
| Other emissions reduction activities | 121708 | Decreased | 4.14 | We managed to reduce the energy intensity of our production throughout all business units. Each year we evaluate the potential for energy reduction and we introduce new projects. Moreover, we have expanded our capacity for combined heat and power generation (CHP) where we use low-carbon fuels (natural gas). The production volumes in our own plants increased by 4.72%. [4.72% = (2,664,951 vehicles for all Daimler business units in total 2017) / (2,544,806 in 2016) -1] This means that emissions reduction activities led to a 4.14% decrease in CO2 emissions (Scope 1 and 2 combined) compared to 2016. [Scope 1 and 2 CO2 emissions in 2017 without reduction measures: 2,938,000 metric tonnes (2016) \* (1+4.72%) = 3,076,708 metric tonnes] [emission reduction activities led to a decrease: 2,955,000 metric tonnes - 3,076,708 metric tonnes = -121,708 metric tonnes; -4.14% = (2,955,000 metric tonnes - 3,076,708 metric tonnes) / 2,938,000 metric tonnes] Some measures can be applied to facilities and machines in operation, others can only be realized when we renew machines and factories for a new product generation. Therefore the yearly reduction figure is a very volatile number. |
| Divestment |  | <Not Applicable> |  |  |
| Acquisitions |  | <Not Applicable> |  |  |
| Mergers |  | <Not Applicable> |  |  |
| Change in output | 17000 | Increased | 0.6 | The production volumes in our own plants increased by 4.72%. --> [4.72% = (2,664,951 vehicles for all Daimler business units in total 2017) / (2,544,806 in 2016) -1] This means that our scope 1 and 2 emissions increased by 0.6%. --> [Scope 1 and 2 CO2 emissions: (2,955,000 metric tonnes (2017) -2,938,000 metric tonnes (2016))/2,938,999 metric tonnes (2016) = 0.6%] |
| 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 undertakes this energy-related activity** |
| 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 MWh** |
| Consumption of fuel (excluding feedstock) | Please select | 0 | 6147000 | 6147000 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 1413569 | 2870431 | 4284000 |
| Consumption of purchased or acquired heat | <Not Applicable> | 10608 | 900192 | 910800 |
| 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> | 1618 | <Not Applicable> | 1618 |
| Total energy consumption | <Not Applicable> | 1424177 | 9917623 | 11341800 |

## **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 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**

5167000

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

<Not Applicable>

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

2480789

### **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**

2686211

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

Fuel Oil Number 1

### **Heating value**

LHV (lower heating value)

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

106000

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

<Not Applicable>

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

106000

### **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

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

Liquefied Petroleum Gas (LPG)

### **Heating value**

LHV (lower heating value)

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

94000

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

<Not Applicable>

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

94000

### **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

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

Coke

### **Heating value**

Please select

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

54000

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

<Not Applicable>

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

54000

### **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

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

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

### **Heating value**

LHV (lower heating value)

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

726000

### **MWh fuel consumed for the 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

## **C8.2d**

### **(C8.2d) List the average emission factors of the fuels reported in C8.2c.**

### **Coke**

### **Emission factor**

374.2

### **Unit**

kg CO2 per MWh

### **Emission factor source**

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

### **Comment**

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

### **Fuel Oil Number 1**

### **Emission factor**

264

### **Unit**

kg CO2 per MWh

### **Emission factor source**

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

### **Comment**

### **Liquefied Petroleum Gas (LPG)**

### **Emission factor**

222

### **Unit**

kg CO2 per MWh

### **Emission factor source**

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

### **Comment**

### **Natural Gas**

### **Emission factor**

181

### **Unit**

kg CO2 per MWh

### **Emission factor source**

DEHSt, only combustion, calculated with Gross Caloric value (23.03.06)

### **Comment**

### **Other**

### **Emission factor**

264

### **Unit**

kg CO2 per MWh

### **Emission 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**

## **C8.2e**

### **(C8.2e) 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 | 867864 | 867864 | 1618 | 1618 |
| Heat | 3423265 | 3315856 | 0 | 0 |
| Steam |  |  |  |  |
| Cooling |  |  |  |  |

## **C8.2f**

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

### **Basis for applying a low-carbon emission factor**

Energy attribute certificates, Guarantees of Origin

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

Wind

Hydropower

### **MWh consumed associated with low-carbon electricity, heat, steam or cooling**

458722

### **Emission factor (in units of metric tons CO2e per MWh)**

0

### **Comment**

Proof of origin; onshore wind and hydropower from Sweden.

### **Basis for applying a low-carbon emission factor**

Contract with suppliers or utilities ( e.g. green tariff), supported by energy attribute certificates

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

Hydropower

### **MWh consumed associated with low-carbon electricity, heat, steam or cooling**

8550

### **Emission factor (in units of metric tons CO2e per MWh)**

0

### **Comment**

Green electricity purchasing at our plant in Affalterbach.

### **Basis for applying a low-carbon emission factor**

Contract with suppliers or utilities ( e.g. green tariff), supported by energy attribute certificates

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

Wind

Hydropower

### **MWh consumed associated with low-carbon electricity, heat, steam or cooling**

114552

### **Emission factor (in units of metric tons CO2e per MWh)**

0

### **Comment**

Green electricity purchasing at our plants in Samano and Vitoria.

### **Basis for applying a low-carbon emission factor**

Other, please specify (Grid-connected generation)

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

Wind

### **MWh consumed associated with low-carbon electricity, heat, steam or cooling**

4314

### **Emission factor (in units of metric tons CO2e per MWh)**

0

### **Comment**

Daimler Wind Power plant. Grid-connected generation owned, operated or hosted by the company, with energy attribute certificates created and retired by company

### **Basis for applying a low-carbon emission factor**

Other, please specify (Contract with suppliers or utilities)

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

Other low-carbon technology, please specify (Renewable and nuclear energy)

### **MWh consumed associated with low-carbon electricity, heat, steam or cooling**

1187407

### **Emission factor (in units of metric tons CO2e per MWh)**

0

### **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).

### **Basis for applying a low-carbon emission factor**

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

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

Solar PV

### **MWh consumed associated with low-carbon electricity, heat, steam or cooling**

1618

### **Emission factor (in units of metric tons CO2e per MWh)**

0

### **Comment**

Consumed electricity from Solar PV that is produced by Daimler.

### **Basis for applying a low-carbon emission factor**

Other, please specify (Consumed heat (biomass))

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

Biomass (including biogas)

### **MWh consumed associated with low-carbon electricity, heat, steam or cooling**

8808

### **Emission factor (in units of metric tons CO2e per MWh)**

0

### **Comment**

Consumed heat (biomass).

### **Basis for applying a low-carbon emission factor**

Other, please specify (Consumed heat (geothermal))

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

Other low-carbon technology, please specify (Geothermal)

### **MWh consumed associated with low-carbon electricity, heat, steam or cooling**

1800

### **Emission factor (in units of metric tons CO2e per MWh)**

0

### **Comment**

Consumed heat (geothermal)

## **C-TO8.4**

### **(C-TO8.4) Provide any efficiency metrics that are appropriate for your organization’s transport products and/or services.**

### **Activity**

Light Duty Vehicles (LDV)

### **Metric figure**

0.843

### **Metric numerator**

tCO2

### **Metric denominator**

Production: Vehicle

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

1530180

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

1814839

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

-1.73

### **Please explain**

This is the specific CO2 emissions figure (Scope 1 + 2) for the business unit Mercedes-Benz Cars. We managed again to reduce the energy and GHG intensity of our production of Mercedes-Benz Cars year by year. Moreover, we have expanded our capacity for combined heat and power generation (CHP) where we use low-carbon fuels (natural gas). 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. 2016: Metric numeratror 1,525,871 t CO2; Metric denominator 1,778,476 cars

### **Activity**

Heavy Duty Vehicles (HDV)

### **Metric figure**

1.844

### **Metric numerator**

tCO2

### **Metric denominator**

Production: Vehicle

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

878682

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

476443

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

-12.39

### **Please explain**

This is the specific CO2 emissions figure (Scope 1 + 2) for the business unit Daimler Trucks. We managed again to reduce the energy and GHG intensity of our production of Daimler Trucks year by year. Moreover, we have expanded our capacity for combined heat and power generation (CHP) where we use low-carbon fuels (natural gas). 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. 2016: Metric numeratror 870,233 t CO2; Metric denominator 413,348 trucks

## **C9. Additional metrics**

## **C9.1**

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

## **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**

40000

### **Metric unit**

Units

### **Explanation**

Number of sold PHEV in 2017 (1.7% of sold Hybrid and PlugIn-Hybrid). (e. g. C 350 e, E 350 e, S 500 e, GLC 350 e, GLE 500 e)

### **Activity**

Light Duty Vehicles (LDV)

### **Metric**

Sales

### **Technology**

Battery electric vehicle (BEV)

### **Metric figure**

14000

### **Metric unit**

Units

### **Explanation**

Number of sold BEV in 2017 (0.6% of sold vehicles). (B 250 e, smart fortwo and forfour ed)

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

### **(C-TO9.6/C-TS9.6) What is your investment in research and development (R&D), equipment, products and services and which part of it would you consider a direct investment in the low-carbon transition?**

### **Activity**

Light Duty Vehicles (LDV)

### **Investment start date**

January 1 2017

### **Investment end date**

December 31 2017

### **Investment area**

R&D

### **Technology area**

Other, please specify (environment-related RD expenditures)

### **Investment maturity**

Applied research and development

### **Investment figure**

3308000000

### **Low-carbon investment percentage**

41-60%

### **Please explain**

Including all environmental-related expenditures (e.g. low Nitrogen technology, renewable raw materials)

## **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 and/or Scope 2 emissions and attach the relevant statements.**

### **Scope**

Scope 1

### **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**

[KPMG Limited Assurance\_daimler-sustainability-report-2017.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/P5win8djI0CwZL5VnufUBw/KPMGLimitedAssurancedaimlersustainabilityreport2017.pdf)

### **Page/ section reference**

101-102

### **Relevant standard**

ISAE3000

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

100

### **Scope**

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**

[KPMG Limited Assurance\_daimler-sustainability-report-2017.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/P5win8djI0CwZL5VnufUBw/KPMGLimitedAssurancedaimlersustainabilityreport2017.pdf)

### **Page/ section reference**

101-102

### **Relevant standard**

ISAE3000

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

100

## **C10.1b**

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

### **Scope**

Scope 3- all relevant categories

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

Annual process

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

Complete

### **Attach the statement**

[daimler-environmental-certificate-mb-e-class.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/m_SniX8Vmk-L1WRG_JZebA/daimlerenvironmentalcertificatembeclass.pdf)

### **Page/section reference**

Please refer to p. 4 of the document (p. 3 of the PDF) for the validation report ("critical review"). This is a sample of our Environmental Certificates. We use data from the certificates for the calculation of the Scope 3 sources "Purchased goods and services", "Downstream transportation and distribution" and "End-of-life treatment of sold products". We have published Environmental Certificates for 95% of our cars sold in 2017.

### **Relevant standard**

Other, please specify (ISO 14040/44)

### **Scope**

Scope 3- at least one applicable category

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

Annual process

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

Complete

### **Attach the statement**

[CDP Statement KPMG\_Daimler.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/z2ihYhLuGEOmmIBGtPnlYA/CDPStatementKPMGDaimler.pdf)

### **Page/section reference**

Page 1 and 2. This is the CDP verification template, filled in by our assurance partner. It provides a clear reference to Scope 3 and the most important category "Use of sold products" (70% of total S3 emissions). We attach this file to support the "Assurance Report" above.

### **Relevant standard**

ISAE3000

## **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** |
| C6. Emissions data | Product footprint verification | ISO 14040/44 | We publish Environmental Certificates for most of our Mercedes-Benz passenger car models (covering 95% of our 2017 sales). Each Environmental Certificates provides a carbon footprint from a holistic lifecycle assessment which is externally reviewed according to EN ISO 14040/44. We use data from the lifecycle assessment for the calculation of several Scope 3 emission sources.  [daimler-environmental-certificate-mb-e-class.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/m_SniX8Vmk-L1WRG_JZebA/daimlerenvironmentalcertificatembeclass.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.  [KPMG Limited Assurance\_daimler-sustainability-report-2017.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/P5win8djI0CwZL5VnufUBw/KPMGLimitedAssurancedaimlersustainabilityreport2017.pdf) |
| C8. Energy | Other, please specify (Energy Consumption) | ISAE3000 | We use the "Energy consumption" figures - which are within the scope of the Limited Assurance according to ISAE3000 - for the calculation of Scope 3 emissions.  [KPMG Limited Assurance\_daimler-sustainability-report-2017.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/P5win8djI0CwZL5VnufUBw/KPMGLimitedAssurancedaimlersustainabilityreport2017.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 systems in which you participate.**

### **EU ETS**

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

46

### **Period start date**

January 1 2017

### **Period end date**

December 31 2017

### **Allowances allocated**

333812

### **Allowances purchased**

217836

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

551648

### **Details of ownership**

Facilities we own and operate

### **Comment**

## **C11.1d**

### **(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?**

With the third European ETS trading period beginning in 2013, the free allocation of certificates is significantly reduced. Our strategy with regard to the ETS takes into account different scopes and points of view. On the company level, all activities related to the management of ETS allowances are centrally monitored and controlled. On the asset level, we improve the energy efficiency of our buildings and operations in order to keep the CO2 emissions and costs as low as possible:

- For in-house energy generation high-efficient technologies for stationary combustion are used, as for instance co-generation.

- Use of energy carriers with low specific CO2 emissions in stationary combustion units. Predominantly natural gas is used. Other energy carriers as for instance coal are only used when required due to the applied technology or processes.

- Increase of heat and electricity generation from renewable energy. The electric and thermal capacities of energy technologies run by solar and geothermal power as well as biomass are steadily increased.

- Conduction of energy-efficiency measures and programs. All measures are documented in central databases and are applied at all facilities and plants which have similar production processes and offer potentials for energy reduction. Both management level as well as production workers are involved in the development and conduction of energy efficiency measures.

## **C11.2**

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

No

## **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 1

### **Application**

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.

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

5

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

no variance.

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

Internal trading

### **Impact & implication**

Each plant profits through energy efficiency measures. Less emissions means less purchase of allowances. Daimler uses an internal offsetting of certificates with an uniform average CO2 price. 2017: approx. 5 €/t CO2

## **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**

Compliance & onboarding

### **Details of engagement**

Included climate change in supplier selection / management mechanism

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

100

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

100

### **% Scope 3 emissions as reported in C6.5**

21

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

Compliance with our Supplier Sustainability Standards and the requirement to introduce environmental management system is a fundament of our supplier sustainability management. We promote this through dialog and training, as well as through joint standardization initiatives. Integrating all suppliers in our compliance and onboarding engagements without exclusion is crucial as all of our suppliers need to understand and comply with our requirements towards sustainable business conduct. Additionally, we conduct risk analysis to assess the risk of non-compliance with Daimler sustainability standards (country & commodity risks-based). On this basis we derive preventive risk assessment measures such as On-Site-Assessment and Supplier Due-Diligence.

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

The actions reported in this question are only examples for our engagement with suppliers. For Daimler AG, sustainability management is a continuous process which can succeed only in close cooperation with our supplier network. In order to avoid or at least limit environmental risks and negative impacts on the climate, we demand that all of our suppliers fulfil our sustainability requirements. These include the MBST (Mercedes-Benz Special Terms). In addition to the MBST we introduced the "Sustainability Guidelines for Suppliers". These guidelines are a binding element of our contractual conditions. The Supplier Sustainability Standard is a fundament of our supplier engagement and a crucial criteria in the procurement process. We also expect our suppliers to operate with an environmental management system that is certified according to ISO 14001, EMAS or other comparable standards. In 2012, the procurement units adjusted existing contracts to the sustainability requirements at all of our locations worldwide. By signing the Supplier Sustainability Standards, the direct suppliers pledge to observe these standards, communicate them to their employees and incorporate them into their upstream value chains. Also, we award the best of our suppliers for their valuable efforts every year. An expert jury assess our suppliers’ performance regularly in the “Daimler Supplier Award”. In 2017, we awarded among others Hitachi Automotive Systems as highly creative and dependable partnership in the electrification of Daimler's product. Hitachi designs and manufactures relevant components for electro mobility such as DCDC converters and thus supports Daimler's roadmap to emission free mobility. Measure of success In order to measure success of our integrated supplier sustainability management we introduced various monitoring activities and reporting indicators. In general, all supplier must accept the contractual terms of the Supplier Sustainability Standard. In order to ensure the implementation of the standard and its requirements we conduct potential analysis where our quality engineers assess a supplier’s sustainability performance through onsite inspections. Additionally, we monitor closely the number of suppliers with certified Environmental Management Systems (% of suppliers with certified EMS).

### **Comment**

## **C12.1b**

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

### **Type of engagement**

Education/information sharing

### **Details of engagement**

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

### **Size of engagement**

100

### **% Scope 3 emissions as reported in C6.5**

73

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

Fuel consumption is affected by a host of physical parameters, some of which can be influenced during a journey. Apart from technological parameters, such as engine output, weight and aerodynamics, the human behind the wheel is the main factor influencing individual fuel and/or energy consumption. That is why all of our customers worldwide and their user behavior are in the focus of fuel efficiency measures during use phase. Mercedes-Benz cars and Smart are equipped with an "Eco-Display" in the instrument cluster that informs the driver about savings in driving style. Every driver can thus measure the success of fuel efficient driving style with the "Eco-Display". The multifunctional display is included in all Mercedes-Benz and smart cars, to give all customer the chance to constantly improve their driving style and thus save fuel and reduce emission. For interested customers, we also offer Eco Training at Mercedes-Benz Driving Events.

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

Impact of engagement Fuel consumption is one of the key levers for reducing the impact of our products on the climate of. Fuel efficiency benefits are ensured by an intelligent package of measures. Besides important criteria such as energy management, aerodynamics, and lightweight construction, for Mercedes-Benz cars customers are motivated to optimize fuel consumption by the “Eco-Display”. An energy-efficient driving style can reduce fuel consumption by up to 30 %. The animated “Eco-Display” in the multifunction display motivates the driver to save fuel with a differentiated analysis of the driving style for the three driving phases “acceleration”, “driving at steady speed” and “coasting”. If the driver endeavors to drive at a steady speed, accelerates moderately and lets the car coast instead of braking, the green bars in the display rise to indicate high energy efficiency. On the other hand, heavy acceleration, variations in speed and frequent braking have a negative effect. The indicated percentage figure tells the driver how much saving potential they have already utilized. In this way through intelligent gamification approach, drivers are motivated to get the highest score and at the same time drive in an energy-efficient way. In addition to Eco Display supporting fuel-saving driving styles, Eco Training at Mercedes-Benz Driving Events teaches participants, in both theory and practice, how to adopt an economical driving style. Measured test drives make it possible to identify and implement possible fuel savings. Specially tailored courses are available on request also for companies looking to reduce fuel consumption across their entire fleet. Measures of success Our average fleet GHG emissions are the perfect tool to measure the success of our engagement with customers. Regarding the “Eco-Display” we do not want to directly measure the users’ interaction with the application, due to privacy concerns. Regarding the Eco Training at Mercedes-Benz Driving Events, we measure how many driver participated in the Eco Training during the period for one year.

## **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 (CO2 regulation for heavy-duty vehicles) | Support | Daimler is working intensively in the European Union's policy making process to develop a CO2 emissions test for heavy-duty vehicles. Daimler experts are involved in the technical configuration of the CO2 measurement/simulation. The regulation on the measurement and the certification of CO2 emissions from heavy duty vehicles is still under development. Please note that Daimler is active in all major markets in the world and offers products in different transportation sectors. Industry expert involvement is a key aspect of participative regulation in many regions. We are not able to display all topics and positions in this table. Please understand the "CO2 regulation for heavy-duty vehicles in Europe" as an example of our engagement. We use official transparency/lobby registers to inform the public about our activities. | Daimler is working on a further reduction of CO2 emissions of the company's heavy duty vehicles but also Daimler will be able to ascertain and supply the data required for vehicle certification. There is a well-established test bench procedure for passenger cars already. Since trucks are very diverse products (customized solutions), this physical test procedure can not be adapted. Therefore we propose a simulation method. Simulation can be carried out by third-parties and will allow us to provide CO2 figures for a far wider range of products. This variety is mandatory for any CO2 regulation of heavy-duty vehicles. |

## **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**

Climate change is a diverse topic. Within a trade association a variety of positions on such a complex issue may be accepted. Here is one example of an ACEA position which our position is consistent with: This passage is a citation from ACEA, it refers to the reduction of fuel consumption of commercial vehicles from ACEA members (European manufacturers): "Through its own ‘Vision 20-20’ strategy, the industry has […] shown its commitment towards ever more sustainable transport in the future. Unveiled in 2008, this strategy aims to decrease fuel consumption by 20% by 2020 compared to 2005 levels. This is equivalent to an improvement of over 1.3% per year."

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

Daimler played a crucial role in the promotion of the association’s “Vision 20-20” strategy. The position was initially announced in 2008 by the Daimler BoM member for Daimler Trucks who was Chairman of the ACEA Commercial Vehicles board at that time.

## **C12.3d**

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

Yes

## **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

- Nationale Plattform Elektromobilität (NPE): as industrial partner

(ii) Topic of the engagement

- Joint Venture for CCS charging network in Europe: BMW Group, Daimler 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.

-Nationale Plattform Elektromobilität: The NPE acts as a platform to bring together partners from industry, science and politics.

(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.

- Nationale Plattform Elektromobilität: We delegate experts to the individual working groups.

(iv) Actions advocated as part of the engagement

- Joint Venture for CCS charging network in Europe: The construction of the first twenty out of 400 planned rapid charging stations by 2020 will started in 2017.

- Nationale Plattform Elektromobilität: The NPE platform has diverse working groups. The intention is to share knowledge rather than derive direct actions.

## **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?**

(i) Direct engagement with policy makers

Within the company, the External Affairs department (EA) acts as the central point of contact for the dialogue with elected and appointed public officials, political decision-makers and other politically influential people. EA is closely linked to Daimler's strategy division in order to make sure that EA's work is consistent with the company's overall strategy, including climate change strategy. The Board of Management decreed in 2006 that such contact must originate from or be coordinated by members of the EA staff and that contact with public officials may be initiated and maintained only in consultation with EA unless purely for business or operational purposes. The Daimler "Improper Payments and Other Benefits" Corporate Core Policy states: "Lobbying activities on behalf of companies of the Daimler AG group may take place only in coordination with the External Affairs department of Daimler AG. All laws and procedures applicable to public officials and institutions must be obeyed." If, however, political contact is to take place at a high level or with regard to political decision-making issues, it must be coordinated by EA.

(ii) Trade associations

Our representation within the ACEA trade association is on Board of Management level. Any participation in research groups is regulated through an internal policy. The same policy requires the Board of Management to approve all donations to political parties. We annually publish all donations to political parties.

(iii) Funding research organizations

The Donations and Sponsorship Committee of the Board of Management manages all donations and sponsorship activities worldwide. It bases its work on the donations and sponsorship guidelines, which contain binding provisions in regard to criteria, legal stipulations, and ethical standards. Transparency also is ensured by the donations and sponsorships database, in which all of the Group’s donations and sponsorships worldwide must be recorded. Regular communication activities also help our employees to adhere to the guidelines and raise their awareness of the risks involved in donations and sponsorships.

(iv) Other

A central department coordinates our public research and technology projects. The selection process is based on various criteria and takes also into account our climate goals. Furthermore, we use our internal publications to sensitize our employees with e.g. employee magazines, "questions and answers" sections or intranet articles, to inform all employees about the political, environmental or scientific rules and developments.

## **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-annual-report-2017.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/T9Fdz4eTR0az2SRulAgaiw/daimlerannualreport2017.pdf)

### **Content elements**

Governance

Strategy

Risks & opportunities

### **Publication**

In voluntary sustainability report

### **Status**

Complete

### **Attach the document**

[daimler-sustainability-report-2017.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/P5FgsXrZ-0aZPLhVAi2LAg/daimlersustainabilityreport2017.pdf)

### **Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

### **Publication**

Other, please specify (Target Program)

### **Status**

Complete

### **Attach the document**

[Target program-2017.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/Bciy-15SrEKdKeXIGnjOww/Targetprogram2017.pdf)

### **Content elements**

Emission targets

Other metrics

## **C14. 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.**

## **C14.1**

### **(C14.1) 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, Group Research and Mercedes-Benz Cars Development, Co-Chairman of the Daimler Sustainability Board | Board/Executive board |