SpurWechsel
We are changing lanes

Green Finance Framework
Disclaimer

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “can,” “could,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates and tariff regulations; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk and Opportunity Report” in the current Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.
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Sustainable business strategy
SpurWechsel
We are changing lanes

Moving people and goods all over the world - safely, efficiently, comfortably and with innovative technologies that’s our **purpose**, the basis of our strategy.

MOVE – reinvent the invention, PERFORM – create sustainable value, TRANSFORM – reinvent ourselves that’s our **group strategy**.

Integrating our sustainability goals into our business strategy that’s our **sustainable business strategy**.

Transforming our business as defined by the **6+3 sustainability topics** that’s our **SpurWechsel**.
Our group strategy
Sustainability as an integral part...

- Sustainability & Climate Protection
- Market & Growth
- Efficiency
- Customer and Brand
- Electrification of our Drivetrain Portfolio
- Platforms and Drivetrain
- Digital Services & Digital Platforms
- Automated & Autonomous Driving
- Cooperations
- Culture & Integrity

MOVE
PERFORM
TRANSFORM

Folie in Ursprungsform
Wechsel des Folienlayouts
im Menü über:
Start // Absatz // Listenebene
... with a focus on six themes and three enablers

6 ACTION FIELDS
3 ENABLER

- Human Rights
- Climate Protection & Air Quality
- Resource Preservation
- Data Responsibility
- Traffic Safety
- Livable Cities

+ Integrity // People // Partnerships
On the road to CO$_2$-neutral mobility
CO₂ neutrality at Mercedes-Benz Cars

**Ambition 2039**

- **2022**: We intend to offer several electric model variants in all segments of Mercedes-Benz Cars by 2022.

- **2025**: Depending on how conditions develop, we plan to have all-electric vehicles account for up to 25 percent of unit sales by the year 2025.

- **2030**: Our goal is to have plug-in hybrids or all-electric vehicles account for more than 50 percent of our car sales by 2030.

- **2039**: We aim to achieve CO₂ neutrality for our new passenger car fleet by 2039.

Mercedes-Benz EQC 400 4MATIC: combined power consumption: 20.8–19.7 kWh/100 km; combined CO₂ emissions: 0 g/km*

*Electrical energy consumption and range have been determined on the basis of Regulation (EC) No. 692/2008. Electrical energy consumption and range depend on the vehicle configuration.

Verified by the Science Based Targets Initiative (SBTI) in 2019
Daimler Trucks & Buses
Making CO2-neutral transport a reality

- **2022**
  Battery-electric series-production vehicles in all core regions by 2022.

- **late 2020s**
  Hydrogen-based series-production vehicles in the second half of the decade.

- **2039**
  CO2-neutral driving operation (tank-to-wheel) by 2039 for new trucks and buses in the markets of Europe, Japan, and North America.
Driven by a continuous electrification of our product portfolio...

<table>
<thead>
<tr>
<th>Year</th>
<th>Compacts</th>
<th>EV Purpose Limousines</th>
<th>EV Purpose SUVs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>EQC</td>
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<td></td>
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<td>Frontrunner.</td>
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<td>2020</td>
<td>EQV</td>
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<td>eActros</td>
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<tr>
<td>2021</td>
<td>eVito Tourer</td>
<td>eCitaro</td>
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<tr>
<td>2022</td>
<td>smart EQ fortwo/forfour</td>
<td>eEconic</td>
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</tbody>
</table>

- **EQC**: Frontrunner.
- **eSprinter**: Start of series production.
- **EQV**: World’s first fully electric premium MVP by Mercedes.
- **smart EQ fortwo/forfour**: All-electric options since 2007.
- **eVito Tourer**: eVito mid-size van launched in 2018.
- **Next generation smart from China**
- **eActros**: Start of series production.
- **eEconic**: Start of series production.

* PHEV, BEV
... and our aim to achieve CO2-neutral production

By **2022**: CO$_2$-neutral production at our Mercedes-Benz Car and Van plants worldwide*

By **2022**: CO$_2$-neutral production at our European plants of Daimler Trucks & Buses*

By **2030**: Fifty percent CO$_2$ emissions reductions from production operations

By **2039**: CO$_2$-neutral production at all of our plants and in all of our business units worldwide

* In Germany, the green power supply is ensured not only for the production sites: starting in 2022, all German locations of Daimler AG, Mercedes-Benz AG, Daimler Trucks AG and Daimler Mobility AG will obtain green power generated entirely from renewable energy sources, making it free of CO$_2$. 

“Factory 56” in Sindelfingen

SBTI
Committed investments as part of our electrification strategy

€10 bn
About €10 billion to expand our fleet of electric vehicles.

€1 bn
More than €1 billion to expand our battery production.

€20 bn
Buying battery cells for more than €20 billion in order to systematically promote our Group’s entry into an electrically driven future.
**Electric first: Modular BEV-architecture for zero emission vehicles**

**Description**
Development of a flexibly scalable electrical architecture for Mercedes-Benz compact cars up to luxury cars. Suitable for a wide range of vehicle concepts thanks to the modular system design and variable wheelbase, wheel gauge as well as all other system components, especially the batteries.

**Goals**
- Development and production of zero emission vehicles
- Development of a flexibly scalable electrical architecture*
- Partially equipped with battery cells from CO2-neutral production*

**Timeline**
- '19: EQS Concept
- '20: EQA
- '21: EGB
- '21: EQS
- '2x: EQx

**Key Facts**
- Modular BEV-architecture
- Modular system design
- Wide range of vehicle concepts
- Zero emission vehicles

**Investment**
~€10 bn

* for next generation EQ starting with the EQS
**Factory 56: One of the world’s most modern car productions**

**Description**

Factory 56, one of the world’s most modern car productions, built at Daimler’s Sindelfingen plant. The factory will be supplied with CO2-neutral energy when it goes into operation, is equipped with a photovoltaic system installed on the roof of the production hall and has implemented numerous measures to reduce energy consumption. It uses intelligent and digitalised technologies that make it possible to harness the full potential of Industry 4.0.

**Goals**

- CO2 neutral energy supply
- High-efficiency assembly for large-scale production and increased flexibility
- Waste management
- Reduction of energy and other resources, including water

**Timeline**

- Cornerstone ceremony: '18
- Construction
- Start of Production: '20

**Key Facts**

- High energy efficiency
- Green roof
- Usage of recycled concrete
- Intelligent LED light control system
- DC grid
- Area measures 220,000 m²

**Investment**

~€0.5 bn
Battery production network: Nine factories at seven locations on three continents

Description
Daimler is investing more than one billion euros in a global battery production network within the global production network of Mercedes-Benz Cars. In total, the battery production network consists of nine factories at seven locations on three continents. The local production of batteries is an important success factor in Mercedes-Benz Cars electric offensive and the crucial building block for handling the global demand for electric vehicles flexibly and efficiently.

Goals
- Production of electricity from renewable sources
- Production of heat from renewable sources (Kamenz, Jawor)
- Development, production and recycling of batteries
- Development and production of zero emission vehicles

Timeline
- ‘12: Kamenz I
- ‘18: Kamenz II
- ‘19: Beijing, Bangkok
- ‘2x: UT I/II, Sindelfingen, Jawor, Tuscaloosa

Key Facts
- 9 factories | 7 locations | 3 continents | Industry 4.0 technologies | CO2 neutral production (Kamenz, Jawor already before 2022) | Batteries for 48V, PHEV and BEV

Investment
>€1 bn
Green finance framework
Daimler’s green finance framework is part of our SpurWechsel – We are changing lanes

Daimler’s green finance framework is developed to be in line with both the ICMA Green Bond Principles, as well as LMA and APLMA Green Loan Principles. It is Daimler’s intention to follow best practices as market standards develop and as the EU Taxonomy and the EU Green Bond Standard enter into force.

Use of proceeds
Project evaluation and selection
Management of proceeds
Reporting
External review
<table>
<thead>
<tr>
<th>GBP &amp; GLP Categories</th>
<th>Eligible assets</th>
<th>Targeted SDGs</th>
<th>Targeted EU Environmental Objectives</th>
<th>Investment Examples</th>
</tr>
</thead>
</table>
| **Clean transportation** | • Development and production of zero emission vehicles  
• Development, production and recycling of batteries/fuel cells | ![SDG Icons](https://via.placeholder.com/15x15)  
![Climate Change Mitigation](https://via.placeholder.com/15x15)  
![Clean Energy](https://via.placeholder.com/15x15) | Climate change mitigation | • Modular BEV-architecture  
• Volvo Group & Daimler Truck AG: 50/50 joint venture for development and large-scale production of fuel cells for applications in heavy-duty vehicles  
• Battery-electric low-floor truck Mercedes-Benz eEconic (practical use to start in 2021, SoP 2022)  
• Mercedes-Benz eCitaro from 2022 with range extension by fuel cell  
• Battery production network  
• CO2 neutral produced battery cells from Farasis Energy Co., Ltd. |
| **Energy efficiency** | • Reduction of energy and other resources, including water, used per unit of output | ![SDG Icons](https://via.placeholder.com/15x15)  
![Climate Change Mitigation](https://via.placeholder.com/15x15)  
![Energy Efficiency](https://via.placeholder.com/15x15) | Climate change mitigation | • Factory 56 (high energy efficiency, digitalisation in production, dc grid)  
• Renewal of the ventilation systems in production plants  
• Renewal of lighting in production plants with LED-systems |
More than 50% of proceeds will be allocated to clean transportation (2/2)

<table>
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</thead>
</table>
| Pollution prevention and control | • Waste management  
• Emission reduction                                                       | Pollution prevention and control                                                | • Factory 56 (waste management)  
• CO2 neutral production by 2022 (MB AG plants worldwide, DT AG European)  
• Remanufacturing of high-voltage batteries  
• Mercedes-Benz Energy and Beijing Electric Vehicle Co., Ltd. (BJEV) subsidiary of the BAIC Group cooperation in the field of 2nd-life energy storage systems |
| Renewable energy            | • Production of electricity and heat from renewable sources                     | Climate change mitigation                                                       | • Rolls-Royce & Daimler Truck AG: cooperation on stationary fuel cell systems  
• Installation of further photovoltaic systems for own power generation at several locations in Germany in 2021                                                                 |


A **Green Finance Committee**, mandated by the Group Sustainability Board comprising four permanent members from the Board of Management and top management representatives, will review and verify potential Green Assets

Comprised by **representatives** from: Sustainability Competence Office (Corporate Responsibility Management, Sustainability/Group Environmental Protection & Energy Management), Finance and Controlling

- Identification of potential eligible assets
- Evaluation against eligibility criteria
- Approval by the Green Finance Committee
- Implementation of investments
- Transparency: Green Finance Investor Report
Management of proceeds

- **Proceeds** will be allocated to projects approved by the **Green Finance Committee**.
- Proceeds will be allocated **within one year**.
- Proceeds will be allocated to **eligible green assets originating no more than three years prior to the date of issuance**.
- Prior to disbursement, proceeds will be placed according to Daimler’s general liquidity guidelines.
Daimler is firmly committed to **transparency** and will produce an **annual Green Finance Investor Report**

Allocation **reporting will**, to the extent feasible, **consist of**

- A description of the portfolio
- Type of financing and respective amounts
- The split between new financing and re-financing
- A list of eligible assets including amounts allocated and disbursed per category and geographical distribution

**Impact reporting** will, to the extent feasible, report quantitative impact indicators e.g. CO\textsubscript{2} emissions avoided in the vehicle use phase
Second Opinion by leading provider of independent reviews of green bonds

SHADES OF GREEN
Daimler’s green finance framework was rated by CICERO as Dark Green. Dark Green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future.

GOVERNANCE PROCEDURES
CICERO Shades of Green finds the governance procedures in Daimler’s framework to be Excellent.

GREEN BOND and GREEN LOAN PRINCIPLES
CICERO confirms that Daimler’s green finance framework is found in alignment with the green bond and green loans principles.
Respecting and upholding human rights
We are committed to upholding human rights in our supply chain

**2021**

**100%**

Our objective with regard to our service supply chain is to complete our evaluations of new and existing suppliers by 2021.

**2025**

**70%**

Our objective is to review 70 percent of all high-risk production raw materials and define any necessary measures for these by 2025.

**2028**

**100%**

Our objective for 2028 is to define measures for addressing 100 percent of our production raw materials that harbor a higher risk of human rights violations.

**Systematically addressing human rights**

The Daimler Human Rights Respect System

1. **Risk assessment**
   - Systematic assessment and evaluation of human rights risks

2. **Program implementation**
   - Definition and implementation of human rights measures, dependent on Group companies or supply chains specific risk assessment

3. **Monitoring**
   - Evaluation of adequacy/effectiveness of the risk assessment and program implementation

4. **Reporting**
   - Regular and standardized reporting

Daimler performed a total of 1,127 CSR audits at suppliers around the globe in 2019. These audits also focused on human rights issues.
Supply chain: CO2 neutral battery cells and observance of human rights

Description

The sustainability partnership with Farasis Energy (Ganzhou) Co., Ltd. comprises the production of battery cells produced with electricity from renewable energies as well as recycling and the observance of human rights in the supply chain.

Goals

- Realization of CO2 neutrality in supply chain
- CO2 footprint of the battery of future vehicle models of the EQ brand to be reduced by more than 30 percent
- Observance and protection of human rights along the supply chain including third-party audit
- Continuously increasing the input of recycled/secondary materials into our lithium-ion batteries

Timeline

- 2019: Announcement of partnership
- 2019: Supply chain audit initiated
- 202x: 1st cell supply

Key Facts

- >30% CO2 savings of entire battery | third-party audit company assigned to inspect the entire cobalt supply chain and in particular the smelters | development of innovative recycling concepts that allow high-quality recycling of the valuable components or contents
Managing the Group sustainably
Our group & governance structure
Basis of a sustainable governance...

Supervisory Board
(20 members)
Appoints, advises and monitors

Board of Management
(8 members)

Group Sustainability Board
(17 members)

Annual Shareholders’ Meeting
Elects members representing the shareholders, ratifies the action of

Composition
Equal share of Shareholders’ and Employees’ representatives

50% 50%

MERCEDES-BENZ AG
Cars & Vans

DAIMLER TRUCK AG
Trucks & Buses

DAIMLER MOBILITY AG
Mobility & Financial Services

Supervisory Board
(20 members)

DAIMLER AG
Strategy, Governance & Services

Composition
Equal share of Shareholders’ and Employees’ representatives

50% 50%

Annual Shareholders’ Meeting
Elects members representing the shareholders, ratifies the action of

Supervisory Board
(20 members)
Appoints, advises and monitors

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(17 members)

Supervisory Board
(20 members)
Appoints, advises and monitors

Board of Management
(8 members)

Group Sustainability Board
(17 members)

Annual Shareholders’ Meeting
Elects members representing the shareholders, ratifies the action of
...with clear lines of responsibility in all business divisions

**Board of Management (BoM)**

▲ REPORT ON PROGRESS

**Group Sustainability Board (GSB)**

Chair: BoM member for Group Research and Mercedes-Benz Cars Chief Operating Officer & BoM member for Integrity and Legal Affairs

Additionally 2 permanent members from BoM

- MERCEDES-BENZ AG
- DAIMLER TRUCK AG
- DAIMLER MOBILITY AG
- DAIMLER AG Central Functions

**Divisional Strategy Leaders**


**Sustainability Competence Office (SCO)**

- Group Research, Sustainability & RD Functions
- Integrity & Corporate Responsibility Management

Management compensation is linked to non-financial & sustainability targets.
Our strategy is guided by international framework agreements,...

The ten principles of the UN Global Compact provide a fundamental guide for our business operations.

Our internal principles and policies are founded on this international frame of reference and other international principles.

Our goal in this process is to support the UN Sustainable Development Goals with our work processes and to cooperatively develop approaches to solutions.
... our corporate principles and integrity
Doing the right thing by living our values

We adhere to **internal and external rules**, we act according to our **corporate principles** and we listen to our **inner compass**.

We have incorporated integrity-related issues in our **culture** and our **compliance management system**. Our performance is measured by the **integrity indicator** which is part of the non-financial management compensation.

**Our five corporate principles:**
the foundation of all our actions

- We are profitable and are committed to people and the environment
- We act responsibly and respect the rules
- We address issues openly and stand for transparency
- Fairness and respect are the foundation of our collaboration
- We practice diversity

Our web-based training modules on integrity & compliance are mandatory and have to be performed successfully on a regular basis.
Integrity Code
Our overall legal and ethical framework

Concretize **UNDERSTANDING** of Integrity@Daimler

Legal and ethical **FRAMEWORK** for all entities at Daimler

Coverage of **FUTURE STRATEGIC TOPICS**

Strengthen **AWARENESS** and underline **IMPORTANCE** for the topic of **INTEGRITY**

Key Messages

Daimler articulates its sustainability business strategy through its funding by launching a Green Finance Framework.

The Green Finance Framework is in line with the ICMA Green Bond Principles as well as the LMA and APLMA Green Loan Principles.

Cicero has provided a Second Party Opinion with a Dark Green shading.

Daimler is committed to a decarbonization strategy across its entire business with an aim to achieve CO2 neutrality.

Daimler has committed investments into electrification of more than €30bn.

The Green Finance initiative is a key pillar of Daimler's "SpurWechsel – We are changing lanes" transition.