I. Organisation, Scope & Targets
II. Holistic approach towards Environmental Challenges
III. Production related Issues
IV. CO₂ & Electrification
V. CASE
# Our Sustainability Management Daimler Group

## Board of Management

### Corporate Sustainability Board (CSB)
- **Human Resources**
- **Communication**
- **Policy and External Relations**
- **Purchasing**
- **Group Research & MB Cars Development**
- **Integrity and Legal Affairs**
- **Environmental Protection**

**Member of the Board of Management/Co-Chair CSB** reports to the General Management

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## Our Businesses

<table>
<thead>
<tr>
<th>Business</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mercedes-Benz Cars</td>
<td><img src="image" alt="Mercedes-Benz Cars" /></td>
</tr>
<tr>
<td>Daimler Trucks</td>
<td><img src="image" alt="Daimler Trucks" /></td>
</tr>
<tr>
<td>Mercedes-Benz Vans</td>
<td><img src="image" alt="Mercedes-Benz Vans" /></td>
</tr>
<tr>
<td>Daimler Buses</td>
<td><img src="image" alt="Daimler Buses" /></td>
</tr>
<tr>
<td>Daimler Financial Services</td>
<td><img src="image" alt="Daimler Financial Services" /></td>
</tr>
</tbody>
</table>
Responsibilities and interfaces of Corporate Environmental Protection

Board of Management

Determine goals and areas of activity

Politics & Society

Analyze legislation and social environmental trends

Product

Production

Push worldwide implementation of goals and ensure legal compliance

Environmental Officer

Business Units

Communication & Dialogue

Stakeholder & Customer
Daimler Sustainability Program with Target Horizon 2022

Our contribution to the implementation of the UN Sustainability Goals (SDG)

Daimler Sustainability Program

Production Responsibility | Product Responsibility | Employees Responsibility | Supplier Management | Social Responsibility | Ethical Responsibility

MBC fleet consumption: -25 %

1. Affordable and Clean Energy
2. Quality Education
3. Gender Equality
4. Good Health and Well-Being
5. Clean Water and Sanitation
6. Affordable and Clean Energy
7. Responsible Consumption and Production
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reduced Inequalities
11. Peaceful and Inclusive Societies
12. Responsible Consumption and Production
13. Peaceful and Inclusive Societies
14. Life on Land
15. Life Below Water
16. Peaceful and Inclusive Societies
17. Revitalize the Global Partnership for Sustainable Development
Daimler environmental protection targets 2022 structured by...

### Climate Protection & Energy

<table>
<thead>
<tr>
<th>Europe</th>
<th>Worldwide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction absolute CO₂ emissions</td>
<td>-20% 1990 - 2020</td>
</tr>
<tr>
<td>Reduction specific energy MBC</td>
<td>-25% 2015 - 2022</td>
</tr>
<tr>
<td>Reduction specific CO₂</td>
<td>-40% 2007 - 2020</td>
</tr>
</tbody>
</table>

| Reduction CO₂ emissions passenger cars | 2007-2016 100% |
| Reduction CO₂ emissions light CV | 2014-2018 30% |
| Reduced consumption heavy CV | 2005-2020 70% |
| Reduced cons. of buses | 2005-2020 75% |

### Air Quality & Health

- Market launch of 10 models, which conform to the future legislation Real Driving Emissions (Step 1)
- Ensure allergy sufferer friendly interiors for all new passenger car models

### Resource Conservation

- MBC Reduction specific water consumption -15% 2015 - 2022
- MBC Reduction specific waste amount -25% 2015 - 2022

- Evaluation of resource efficiency of MBC End 2017 60%
- Construction of hydrogen filling stations by 2017 100% 20%

- Reduced CO₂ emissions passenger cars and LDT USA 2007-2019 50%
- Reduced CO₂ emissions cars China 2012-2019 50%
- Reduced cons. heavy CV (NAFTA) 2015-2019 0%

- Reduction of CO₂ and nitrogen oxide emissions over the entire life cycle for each new model generation
- Achieve a leading position in premium segment of electric and hybrid vehicles
Daimler Sustainability Report 2016

Accountability Report
Sustainability Report

Online
www.daimler.com/sustainability

Brochure
Focus on Sustainability

Focus on Electromobility
EQ
Urban eTruck

Further topics
Convoy of hope
Sust. Dialogue China
Leadership 2020
DAIMLER

I. Organisation, Scope & Targets
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Elements of the environmental management system RD with focus on design for environment

**Plan**
1. Daimler Green Strategy
2. Environmental policy/program
3. Design for environment as central element of the environmental management system in R&D

**Check**
4. Environmental audit
5. Management Review

**Mercedes-Benz Development Process**
- Quality
- Cost
- Time
- Environment
- Strategy phase
- Technology phase
- Vehicle phase
- Production phase

**Environmental aspects**
- Consumption/CO2-Emissions
- Exhaust Emissions
- Green Materials
- Recycling
- Prohibited subs./Indoor Emissions
- Acoustic/Noise
- Climate protection & air quality
- Resource Conservation
- Health

**Life Cycle Assessment**
Challenges for research & development of automobiles

Balancing of disparate requirements in a permanent task in Research & Development

Within the different environmental targets contradictory effects are possible
For our Products a look at the whole life cycle is crucial – E-Class Plug-In Hybrid E 350 e

<table>
<thead>
<tr>
<th>Production</th>
<th>Utilization phase (250 tKm)</th>
<th>Sum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Supply chain</td>
<td>Daimler production</td>
</tr>
<tr>
<td>E 300 Predecessor - 2009</td>
<td>9.5</td>
<td>1.5</td>
</tr>
<tr>
<td>E 300 New - 2016</td>
<td>6.4</td>
<td>0.9</td>
</tr>
<tr>
<td>E 350e Hybrid - water power</td>
<td>250 tKm</td>
<td></td>
</tr>
<tr>
<td>Sum</td>
<td>53</td>
<td>37.5</td>
</tr>
</tbody>
</table>

All values in tons CO₂

- E 300 Predecessor - 2009
- E 300 New - 2016
- E 350e Hybrid - water power
- E 350e Hybrid - EU-electricity

70.8 tons CO₂

-25%

52.7 tons CO₂

-64%

25.0 tons CO₂

-49%
The resource input of C 250 and C 350 e

Comparison of Material Composition

+ 270 kg additional weight of C 350 e compared with C 250

Comparison of Modules [kg] (C 250 vs. C 350 e)

- 20 0 20 40 60 80 100 120 140 160

Elektrik/Elektronik
Spare wheel well, HV Crashpackage (Steel) etc.

Elektronik
17" Wheels, Breaks, Pneumatic Suspension etc.

Antriebsstrang
50l Tank, Cooling Circuit, E-Engine (37,6 kg) etc.

Fahrwerk
Li-Ion Battery (100 kg), E/E, Cabling etc.

Interieur
Suspension

Exterieur

- 2
- 1
- 12

-2
0
20
40
60
80
100
120
140
160

-20
0
20
40
60
80
100
120
140
160

Steel/Ferrous Materials
Light Metal
Polymer Material
Other Metals
Operating Liquids
Other Materials

Suspension

Drive rod/control rod

Electricity/Electronics

Masse [kg]

Spare wheel well, HV Crashpackage (Steel) etc.

17" Wheels, Breaks, Pneumatic Suspension etc.

50l Tank, Cooling Circuit, E-Engine (37,6 kg) etc.

Li-Ion Battery (100 kg), E/E, Cabling etc.

Mass [kg]

1,705 kg

1,435 kg
Remanufacturing / Product Recycling
New Life for Used Parts

Over 12,000 Parts in Reman Portfolio - incl. E-Drive Components...

...with significant environmental benefits

-15t CO₂
New Parts Mix

-0.5t CO₂
Exchange Transmissions G281

Reman-Prozess HV-Batteries for E-Drive Passenger Cars – Plant Mannheim

CO₂ Emissions [kg]
Per Ton Batteries

0 5000 10000 15000
- 95%

0 100 200 300 400 500 600 700 800
- 60%
E-Mobility thought to the end
World's largest 2nd-use battery storage (13MWh) in operation
DAIMLER

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CO₂-Reduction and Energy Efficiency in our Daimler Plants

- CO₂ emissions reduced by 4% to 2,938,000 t
- Electricity consumption decreased by 3%
- 911 GWh (21%) of electricity is renewable
- 961 GWh of district heat produced
- 5,105 GWh of natural gas used

**Combined Power Plant**
- 2011 - 2016
- 4.8 MWₐ, 92 MWₑ

**Photovoltaic System**
- 2011 - 2016
- 50,600 m², 104,200 m²
- 6,385 kWₚ, 12,480 kWₚ

**Units**
- *Produced vehicle without joint ventures/contract manufacture

**Installed Electric Power CHPs [MWₑ]**
- 328,000 +12%
- 1.8 mio. +7%
- 413,000 -19%
- 25,000 -14%

**Installed Area PV [m²]**
- 50,600 +7%
- 104,200 -19%
- 6,385 kWₚ
- 12,480 kWₚ
AREUS: EU-Project for Automotive Production in the future

Challenges:
- Volatile electricity grid quality and renewable energy supply
- Rising electricity prices

Project components:
- Reduction of Energy Consumption of Industrial Robotics
- New direct current architecture
- Intelligent network management
- Energy generation by recuperation

Use:
- Energy efficiency: +10-20 %
- Stability against electricity grid fluctuations
- Direct integration of renewable energies
- Possibility of buffer storage
Production: Technical Modules to improve environmental performance

**Powertrain**
- NanoSlide: Microcoating in aluminum engines
- Laser Cleaning: instead of degrease
- Energy-Manager for Machine Tools

**Body Construction**
- Energy Optimization: Robots
- Analysis: Product Effect for energy demand
- Laser welding (RobScan) instead of WPS

**Surface**
- Integrated Coating Process IP2: primer-less painting
- Energy Efficient Dryer
- Energy-optimized Pretreatment

**Assembly/Logistics**
- Energy Optimized Conveyor Technology
- Cycle Time Optimization
- Building Energy Management

---

Process optimization in all plants to reduce resources demand, especially focusing on the energy issue.

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Energy Resources
Material Resources
And how do we achieve these values...

For example new Nanoslide Coating Technology

- **Aluminum Engine Block**
- **Grey Cast Iron Cylinder Liners**
- **Nanoslide Coating**

**Process Optimization**

(2\(^{nd}\) Generation*)

**Mechanically Roughening**

instead of

**High-Pressure Water Jet**

- **Electric Energy**
  - ca. 700 MWh/a per module (Plan: 4 modules)
  - ca. 22,500 MWh over life cycle

- **Process Water**
  - ca. 15,000 m\(^3\)/a per module (Plan: 4 modules)
  - ca. 480,000 m\(^3\) water over life cycle

- **Recirculation of aluminum chips**
  - Reduction of 8% primary aluminum
  - Elimination of 15 t/a aluminum slurry

* FAME = Family of Modular Engines = new family of state-of-the-art
ku = kilo units
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CO₂-Emissions of our Car Fleet is well on the Way

Cars¹

159* 60%

2012² 188
2019² 141

200* 50%

2012² 231
2019² 173

‘SUV and Pickup’ up to 7,5t¹

123* 70%

2007 178
2021 100

Import¹

182* 60%

2012 214
2019 161

Domestic¹

158* 120%

2012 224
2019 168

USA
347,000

China
488,000

Europe
980,000

Sold Units

* All values in g CO₂ / km
¹ In different test cycles
² Model year

Daimler AG
Our road to emission-free driving

High-tech combustion engines

Consequent hybridization

Electric vehicles with battery and fuel-cell
Powerful and efficient: The new 4-Cylinder Diesel OM 654 sets standards in terms of environmental compatibility

- 17% Weight Reduction
- 24% Friction Losses
- 13% CO₂-Reduction
- 80% NOx-Reduction
- 14% Performance Increase
- 11% Improved Acceleration

Aluminum-Crankase
Nanoslide Coating
Stepped Combustion Bowls
Engine-Related Emission Control
Rollout of plug-in-hybrids as important step: Already 8 models on the market and more to come soon...
Electric drive vehicles
Next generation fuel-cell system: huge technological progress

2010: Underfloor package
4 kW / m² active area
Screw compressor

2017: Compartment package
9 kW / m² active area
Electric turbo charger with turbine

↓ 30% reduction fuel cell engine size
↓ 90% reduction of Platinum
↑ 30% higher electric range in future vehicles
↑ 40% higher system performance
Emission regulations and battery technology development favour battery cost position

<table>
<thead>
<tr>
<th>Year</th>
<th>Expected Cost (€ / kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>200 – 300</td>
</tr>
<tr>
<td>2020</td>
<td>150</td>
</tr>
<tr>
<td>2025</td>
<td>100</td>
</tr>
<tr>
<td>2030</td>
<td></td>
</tr>
</tbody>
</table>

- **HV battery system costs**
- **Conventional powertrain costs**
Electric Line Up extended into the Future

- SLS AMG Coupé Electric Drive
- smart fortwo electric drive
- B 250 e
- smart electric drive - fortwo and forfour
- Mercedes-Benz GLC F-CELL
- Battery-electric vehicle with up to 500 km range

Intelligent EV-Architecture
Foundation of new Mercedes-Benz electric vehicle strategy
Rollout E-Mobility: Markets, Vehicle- & Drive Train Portfolio

I. Rollout into the main markets

- NAFTA
- Greater China
- WEU

2025: Share 15 – 25 %

II. Integration in Vehicle Portfolio

2022: >10 Electric Vehicles

III. Modular Battery Concept

- Entry
- Mid
- High
„Ecosystem“ Electromobility

Inductive Charging

Own Battery Factory

2nd-Use-Battery

Connected Services

Charging Infrastructure
I. Organisation, Scope & Targets
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Within a digital ecosystem Daimler Financial Services caters to a broad range of mobility demands
We are preparing for the mobility value chain of tomorrow

Vehicle Manufacturer
“Somebody needs to **develop, produce and sell** the vehicle”

**DAIMLER**
Mercedes-Benz

Asset Provider
“Somebody needs to **pay for and own** the vehicle”

**DAIMLER**
Mercedes-Benz Financial
Daimler Truck Financial
Mercedes-Benz Insurance
CharterWay

Fleet Operator
“Somebody needs to **take care** of the vehicles”

**ATHLON**
Mercedes-Benz Rent

Service Platform
“Somebody needs to **offer** the individual mobility service to customers”

**mytaxi**
BLACKLANE
CROOVE
FLiXBUS

Aggregator Platform
“Somebody needs to turn various mobility options into **one-stop-shopping solutions**”

**moovel**

Meta Platform
“Customers will expect mobility options to be seamlessly **integrated** into their **digital life sphere”**

**Fleet Operator**

**Mobility Customer**
Consuming „**mobility-as-a-service / robo car services”**
is the world’s market leader in flexible car sharing

Find a car2go next to you – with or without reservation. Whenever you need it. Available in 26 cities as of June 30, 2017.

Drive
Simply open your car2go with your smartphone and start driving – as long as you want.

Park
After having arrived, park your car2go on any parking lot within the business area. That’s it!

Number of customers
[in mn]

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/2016</td>
<td>2.0</td>
</tr>
<tr>
<td>06/2017</td>
<td>2.6</td>
</tr>
</tbody>
</table>

+30%

Transactions in millions

12.5
YTD 06/17
Daimler AG has become Europe’s largest taxi-hailing provider.

Number of customers [in mn]

<table>
<thead>
<tr>
<th></th>
<th>06/2016</th>
<th>06/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.0</td>
<td>8.2*</td>
</tr>
</tbody>
</table>

* Including: customers of Hailo merger and Taxibeat acquisition
Excluding: Clever Taxi

Transactions in millions

<table>
<thead>
<tr>
<th></th>
<th>YTD 06/17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26.0</td>
</tr>
</tbody>
</table>

Step 1
Order your cab via your smartphone.
Available in more than 65 cities as of June 30, 2017.

Step 2
Order your cab via your smartphone.
Available in more than 65 cities as of June 30, 2017.

Step 3
Directly get in touch with your driver.
Get real-time information about estimated arrival.

Step 4
Pay your ride with just one swipe.

Transactions in millions

<table>
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<tr>
<th></th>
<th>YTD 06/17</th>
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<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>
Leadership in Future Mobility will be determined by the combination of the four dimensions:

- E-Mobility
- Digitalized Eco System
- Autonomous Driving
- Shared Mobility
More Information at

www.Mercedes-Benz.com
Innovation – Sustainable mobility
www.Daimler.com
Sustainability
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, 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; 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.