

DAIMLER



Brief overview -
Sustainability Report 2020

SpurWechsel

WE ARE CHANGING LANES

“SpurWechsel” — our lane change

The world is changing – and it is changing fast. Climate change, digitalization, market downturns due to covid-19 pandemic: we are facing major challenges – but also new opportunities. In order to stay “the Mercedes” of all suppliers of self-determined mobility, we have to change, too. It’s all about the sustainable transformation of our company. Our goal is to create a new Daimler for a new era: sustainably fascinating, sustainably climate-neutral and not least sustainably profitable.

At Daimler, we have committed ourselves to a fundamental lane change. Our goal is CO₂-neutral cars, vans, trucks, and buses. In line with this goal, we have formulated sustainable business strategies for all of our divisions. In the next five years alone, we will invest more than €70 billion to implement these strategies, especially in the areas of electrification and digitalization.

By means of our “Electric First” strategy at Mercedes-Benz Cars, we are systematically moving toward CO₂ neutrality. We are confident that we can also reach the even stricter targets that have been set for 2021. Parallel to these products, our own manufacturing processes will also be CO₂-neutral starting in 2022: in our production plants for cars and vans all over the world, and in our production plants for commercial vehicles in Europe.

For many people, digitalization was the most visible transformation in 2020. The infrastructure and computing capacity that enabled hundreds of thousands

of employees to have mobile workplaces were created practically overnight. Today it’s already becoming apparent that even after the pandemic is over, a more flexible work environment will remain. But the real changes will go far beyond that. Thanks to the 360-degree connectivity of our worldwide production network, we are setting new benchmarks for sustainable production.

Our lane change also involves our entire supply chain. That’s why, from now on, we at Mercedes-Benz only want to work together with suppliers who commit themselves to systematically reducing their emissions. We are also making respect for human rights a fixed component of our contracts with suppliers. Companies that wish to be our business partners must commit themselves to ensuring transparency regarding potential risks to human rights and confronting such risks by means of appropriate measures.

Furthermore, our path toward a circular economy is becoming increasingly significant. Many Mercedes-Benz cars are already almost completely recyclable today. In the future we aim to further decrease energy needs, water consumption, and waste volumes throughout our supply chain, analogously to the changes we are making in our own production processes. In this way we will increasingly decouple growth from resource consumption.

Another development of recent years has been the capital market's noticeably growing interest in sustainability issues. There has rarely been this much demand for information about ESG issues¹ in the past. Investors are now using non-financial criteria to assess the financial opportunities and risks in their portfolios and in potential investment projects. We welcome this development. A convincing sustainability performance should also pay off financially – and vice versa. At the same time, we are preparing for a growing demand for green investments. In 2020 we developed a [Green Finance Framework](#) that defines the basic principles that we applied, for example, when we issued our first green bond worth more than €1 billion. This bond was in great demand, and it was oversubscribed several times.

Admittedly, the necessary transformation to self-determined and sustainable mobility is one of the biggest renewal projects of our time. But it's also one of the most important and most inspiring ones. It goes far beyond our company and even beyond the automobile industry. It requires new alliances between science, government, investors, automakers, suppliers, energy providers, and society. The players who systematically promote this transformation can create value not just for the environment, but for the economy and society as well.

We are firmly committed to do just that.

¹ As a rule, sustainability operates on the capital market under the acronym ESG: E = Environment, S = Social, G = Governance.



EQC: Combined electrical consumption: 21.5-20.1 kWh/100 km; CO₂ emissions combined: 0 g/km.
Electricity consumption and range were calculated on the basis of Commission Regulation (EC) No. 692/2008.
Electricity consumption and range depend on the vehicle configuration.
The actual range is also dependent on individual driving style, road and traffic conditions, outside temperature, use of air conditioning/heating systems etc. and may therefore differ.



Sustainable corporate governance

We aim to create value that is sustainable and to do so in a manner that is economical, environmentally friendly, and socially acceptable. This is why we have sustainable business strategies instead of a “sustainability strategy.” They embed sustainability in the midst of our business operations. At the same time, this not only complies with the legislators’ requirements, but also fulfills the expectations of the financial market and those of governments and society at large.

This requires a sustained transformation, which we call “SpurWechsel” (the German word for “lane change”). We can, and we intend to once again channel the history of mobility in a positive direction.

It is time to shape the “good new days” of sustainable and self-determined mobility – through innovations rather than restrictions.

SPURWECHSEL – We are changing lanes

One of our most important transformation targets is CO₂ neutrality – and we have firmly embedded it in our sustainable business strategies. At Mercedes-Benz AG it is expressed in our “Ambition 2039” and our “Electric First” strategy. At Daimler Trucks we have formulated a road-map for CO₂-neutral transportation. In both of

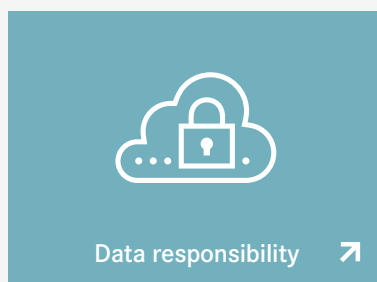
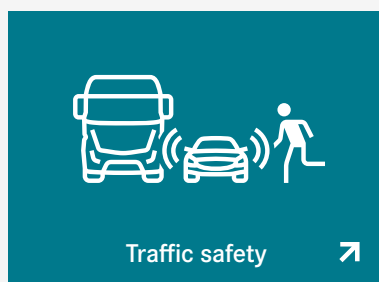
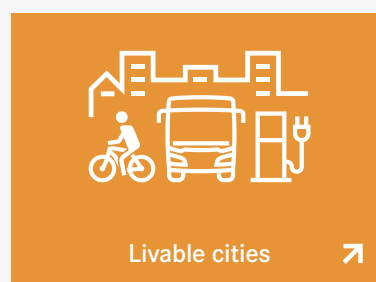
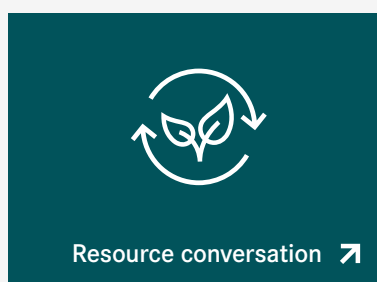
these cases, the sustainability-driven transformation of our business operations is so fundamental that it can be called a genuine lane change. Thus we are creating a new Group for this new age – one that is sustainably fascinating, sustainably climate-neutral, and sustainably profitable.

Our six areas of action for sustainability

Sustainability issues are an integral part of our business strategies. We know that we can only remain successful over the long term if we conduct our business operations responsibly. By doing so, we generate added value for all of our stakeholders

– for our customers, employees, investors, business partners, and society as a whole. We have set ambitious goals for ourselves and defined six strategic areas of action for reaching these goals.

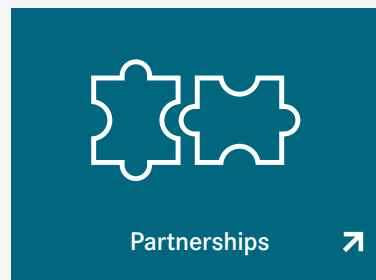
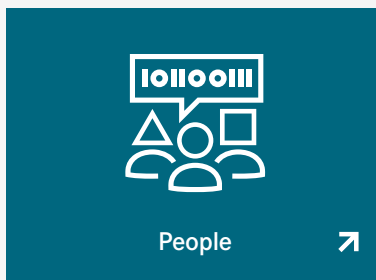
Our six areas of action



Achieving success in these areas of action requires a culture of integrity and future-oriented cooperation with our workforce and our partners in industry,

government, and society at large. Our success thus depends on the following foundations:

Our three enablers



Project Focus

Daimler is planning a fundamental change of its corporate structure. The objective is to take advantage of the full potential of the different divisions even more effectively with two strong and independent companies.

Mercedes-Benz Cars & Vans and Daimler Trucks & Buses work in different sectors with specific customer groups, technological roadmaps, and capital requirements. Mercedes-Benz, as the most valuable luxury car brand, offers the world's most desirable automobiles to demanding customers, while Daimler Truck delivers sector-leading transport solutions and services to its customers. Both companies are active in industries that are undergoing comprehensive technological and structural transformation. This transformation is further deepening the existing differences between the divisions. Speed, agility, and total concentration on innovation are also more important than ever with regard to aspects of sustainability.

The Board of Management and the Supervisory Board of Daimler are therefore convinced that both divisions can more effectively implement their “Spur-Wechsel” – their lane change – when they act as independent units.

In view of this context, in February 2021 the Board of Management and the Supervisory Board suggested that the industrial business of Daimler be divided between two independent companies with clear profiles, and that Daimler Truck be floated on the stock exchange by the end of 2021. This plan will be presented to the shareholders at an extraordinary Shareholders' Meeting at which it will be voted on. Current plans call for the transaction to be completed by the end of 2021.

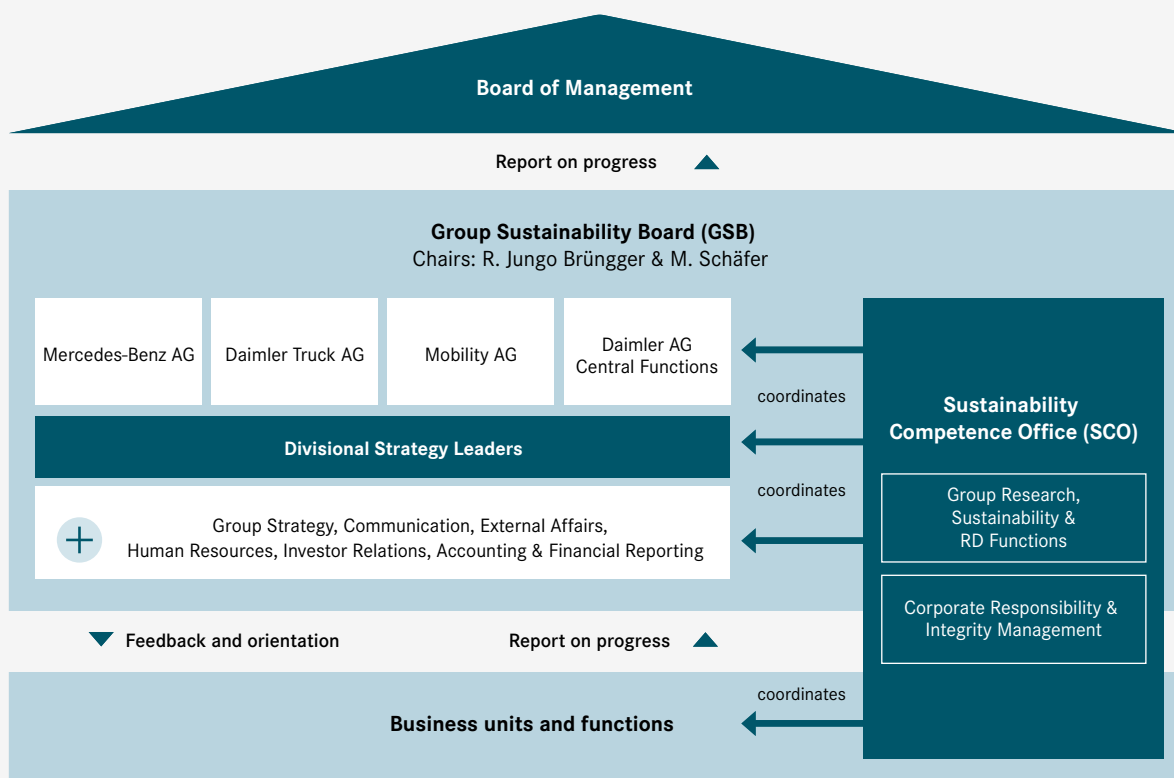
Where the content requires, we also represent our aims, strategies, measures and accomplishments to date for the reporting year 2020 by division.

Managing the Group sustainably

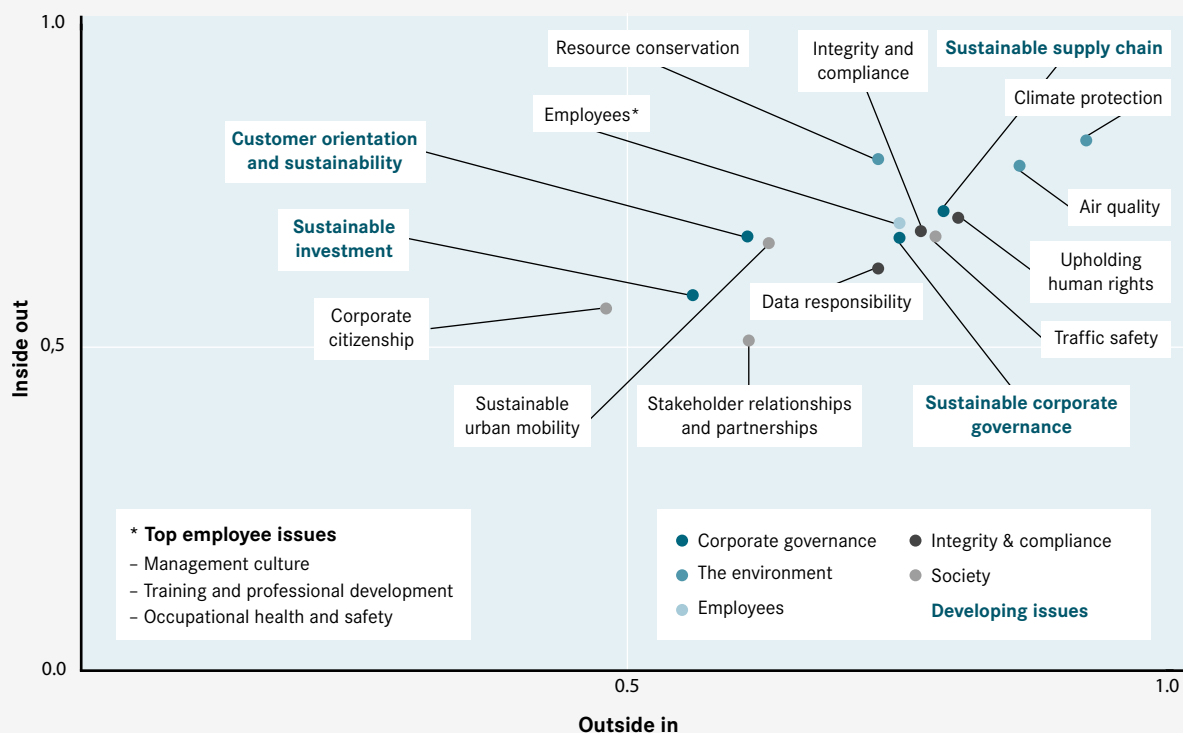
In accordance with our sustainable business strategies, we are managing our work in the six areas of action by means of an internal reporting process that uses detailed scorecards. Our management and organizational structures support this process by establishing clear lines of responsibility in all of our business divisions. The Group Sustainability Board (GSB) is our central management body for all sustainability issues and reports to the Board of Management of Daimler AG. The GSB has a shared management structure, with Renata Jungo Brüngger (the Board of Management member responsible for Integrity and Legal Affairs and member of the Board

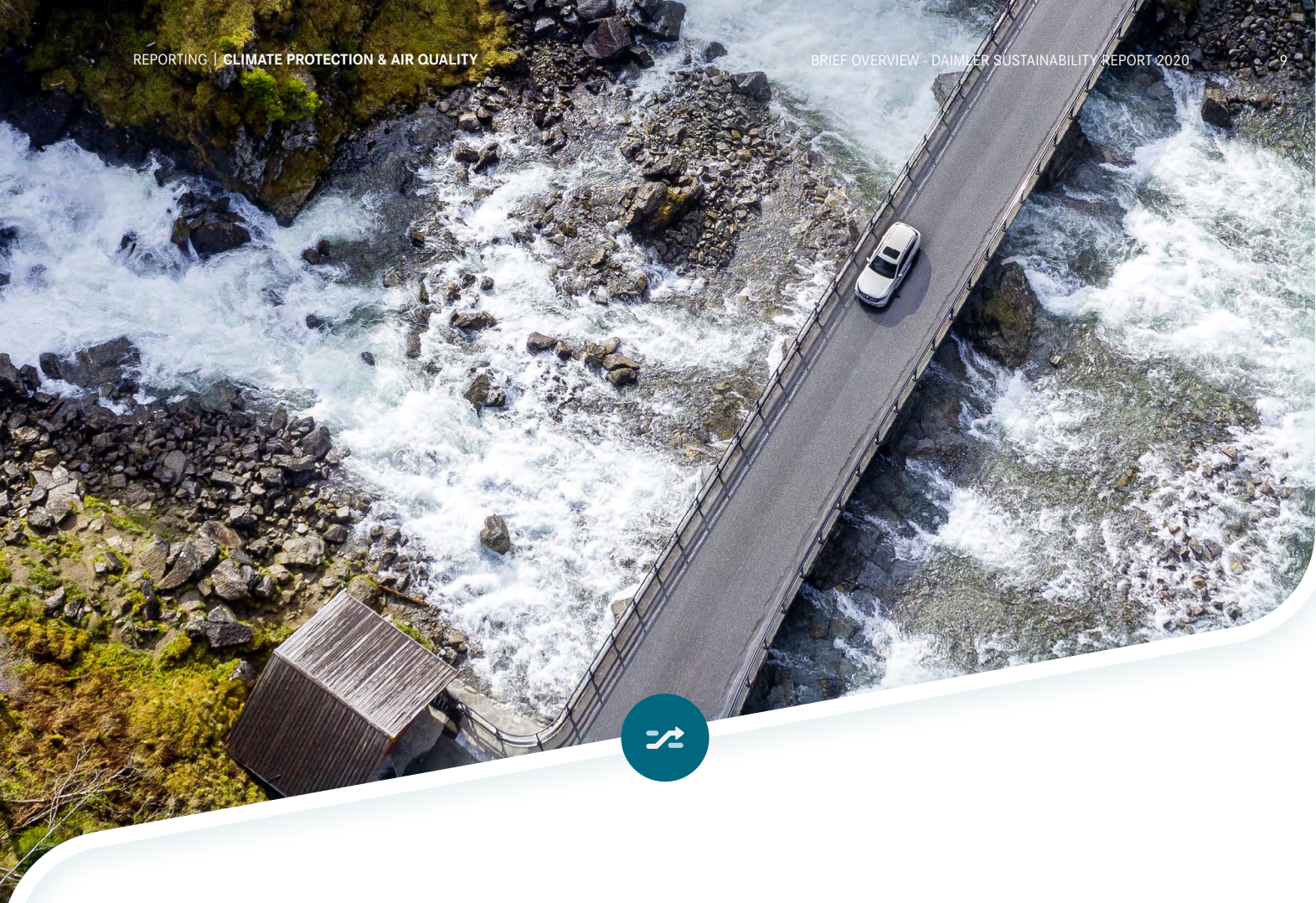
of Management of Mercedes-Benz AG) and Markus Schäfer (the Board of Management member responsible for Group Research; also Mercedes-Benz Cars Chief Operating Officer) serving as Co-chairs. The GSB submits progress reports, as well as proposals for decisions regarding the areas of action that are part of the Group's sustainable business strategies, to the Board of Management. Ultimate responsibility is held by the Board of Management, whose members are appointed by the Supervisory Board. The Supervisory Board decides on the Board of Management's transformation goals, which include non-financial goals. The operational work is done by the Sustainability Competence Office (SCO).

Governance



Our materiality analysis















Climate protection & air quality


About a fifth of all greenhouse gas emissions in Europe are produced from the transport of goods and people by road – and this proportion is rising. We are taking deliberate measures to counteract this trend and have made climate protection a core element of our business strategy. Our goal is to make our entire new vehicle fleet CO₂-neutral by 2039

and to ensure that it no longer has any relevant effects on air quality in inner cities by 2025. We plan to achieve this goal by using a holistic approach that includes ambitious targets for all stages of automotive value creation – from the supply chain to production, the vehicle use phase, and vehicle disposal and recycling.

Target	Target horizon	SDGs
CO ₂ -neutral production*	starting in 2022	 
Market launch of new xEV models (> 10 battery-electric vehicles, > 25 plug-in hybrid electric vehicles)**	2025	 
Our objective is to ensure that from 2025 on our new fleet of cars no longer has any relevant impact on nitrogen dioxide (NO ₂) pollution in urban areas.	2025	 
Reduction of the CO ₂ emissions of the Mercedes-Benz AG new vehicle fleet by 2030*** > 40%	2030	 
CO ₂ -neutral vehicles**** by 2039	2039	 

* Mercedes-Benz AG worldwide, Daimler Truck AG in Europe

** only cars

*** Compared to 2018, regarding the use phase (well-to-wheel), corresponding to the target of the  Science Based Targets Initiative

**** New passenger cars throughout the vehicle life cycle worldwide, as well as new trucks and buses in driving operation in key regions (the triad markets Europe, Japan, and North America). This includes vehicles that are sold by Mercedes-Benz AG or that are sold by Mercedes-Benz AG as general contractor, including upfitter solutions.

For us, the Paris Agreement represents more than just an obligation; our commitment to its targets stems from our fundamental convictions. We believe that it is our mission to develop technical innovations that will lead to CO₂-neutral mobility around the world. In our management approach to climate protection, we are pursuing the goals of our “Ambition 2039” in order to live up to our responsibility as signatories to the Paris Agreement on climate protection. We have defined the measures we need to take in order to reach these goals. We use internal

and external performance reviews to evaluate how well we are implementing these measures. Internally, the specialist units check their progress several times a year. Externally, we commission an auditing company to audit selected goals and implementation measures. In addition, Mercedes-Benz AG has defined a specific CO₂ reduction pathway in line with the standards of the Science Based Targets Initiative (SBTI). The SBTi has confirmed that this pathway conforms to the Paris Agreement on climate protection.



More on the topic in the sustainability report 2020:

➔ [Climate protection & air quality](#)

➔ [Climate protection](#)

➔ [Decarbonization and climate protection](#)

SPURWECHSEL – MERCEDES-BENZ CARS IS CHANGING LANES

Mercedes-Benz passenger cars: Sustainability in the premium segment

By means of the realigned Mercedes-Benz strategy, we want to show that self-determined mobility and sustainability are compatible in the premium segment. We are convinced that the future must, and will, be sustainable. This is why we are working hard at every level to make our vehicles more environmentally and climate-friendly while fulfilling the highest quality standards.

We have formulated our own “Ambition 2039” goals as we continue on this path:

- 2022** We intend to offer several electric model variants in all segments from Mercedes-Benz Cars & Vans by 2022.
- ↓
- 2025** Depending on how conditions develop, we at Mercedes-Benz Cars plan to have all-electric vehicles account for up to 25 percent of unit sales by 2025.
- ↓
- 2030** Our goal is to have plug-in hybrids or all-electric vehicles account for more than 50 percent of our car and van sales by 2030.
- ↓
- 2039** We aim to achieve CO₂ neutrality for our new car and van fleet by 2039.

We signed The Climate Pledge in October 2020. By joining this initiative we reaffirmed our ambition to continue moving systematically toward emission-free mobility and sustainable vehicle production. Together with Amazon, Global Optimism, and other participating companies, we are pursuing the goal of being CO₂-neutral by 2040.

Mercedes-Benz AG is also a founding member of the international climate protection initiative Transform to Net Zero, which was launched by Microsoft. Through this membership we have further reinforced our commitment to the goals mentioned above.

In this initiative, nine renowned companies from diverse sectors and countries of origin are pooling their areas of expertise. Their goal is to improve the framework conditions for the decarbonization of the economy and society all over the world.



More on the topic in the sustainability report 2020:

[Climate protection & air quality](#)

[Decarbonization of production](#)

Our CO₂ balance applies to the entire life cycles of our products

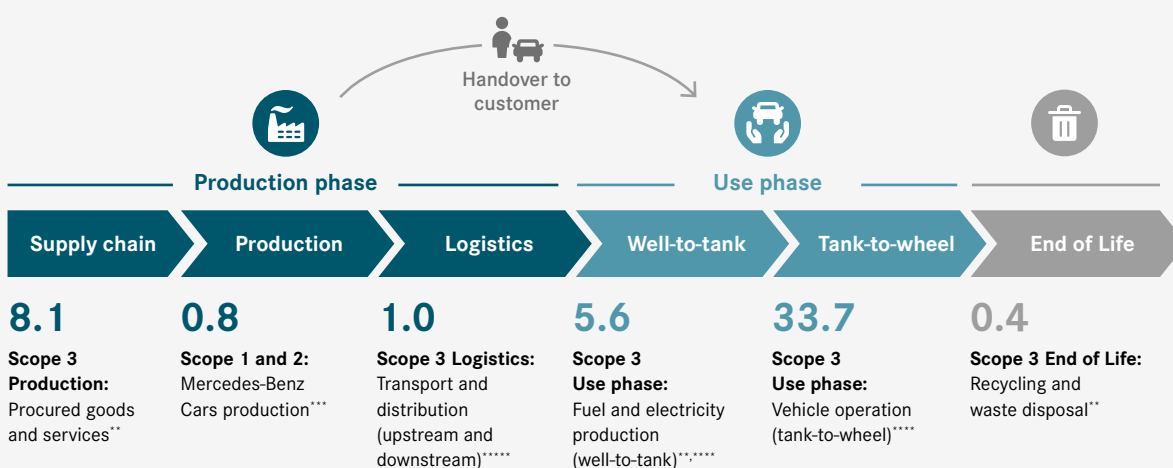
Most of our CO₂ emissions are generated during the use phase of the vehicles. But greenhouse gas emissions are also generated in other segments of a vehicle's life cycle, and we take that into account in our overall CO₂ balance sheet. We record the key figures we need for life cycle assessments and publish them in line with the basic principles of the Greenhouse Gas Protocol.

In line with this leading global life cycle assessment standard, we divide our CO₂ emissions into three categories called the Greenhouse Gas Scopes. Scope 1 comprises all the emissions we cause ourselves through the combustion of energy carriers at our production locations, such as the generation of electricity by our own power plants.

Scope 2 includes all emissions that arise due to the generation of energy we purchase from external sources, such as electricity. Scope 3 includes all the emissions that are generated before (upstream of) or after (downstream of) our production operations. For example, Scope 3 includes the CO₂ emissions that arise in the supply chain (purchased goods and services), as a result of our vehicles' operation in customers' hands (the use phase, including the production of fuel and electricity) or in the recycling phase of the vehicles.

We have used these principles to calculate the emissions of the entire life cycle of the Mercedes-Benz car fleet worldwide. For 2020 we calculated an average CO₂ value of 49,7 tons per vehicle (see Diagram; in comparison with 2019 logistics were included for the first time).

Scope 1, 2 and selected Scope 3 CO₂ emissions in tons per vehicle Mercedes-Benz Cars (2020)



* For calculation basis see appendix [How we calculate and document our CO₂ emissions and Scope 3 emissions Mercedes-Benz Cars](#)

** See [life cycle assessment of vehicles](#)

*** See [key figures environment](#)

**** Driving emissions of Mercedes-Benz Cars fleet (EU, China, USA and RoW) standardized, mileage: 200,000 km, for data basis see chapter [Climate protection: Our CO₂ emissions – in all of our fleets](#)

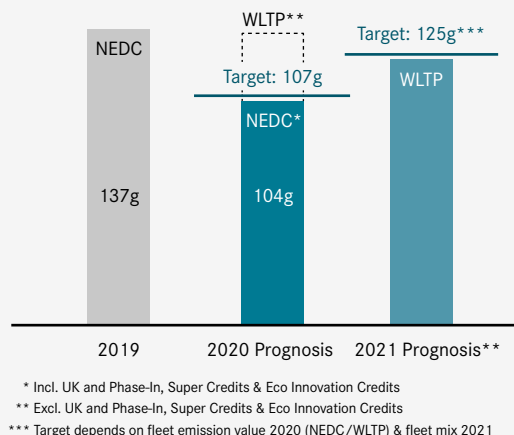
***** Forecast value

Mercedes-Benz Cars: CO₂ Compliance Europe

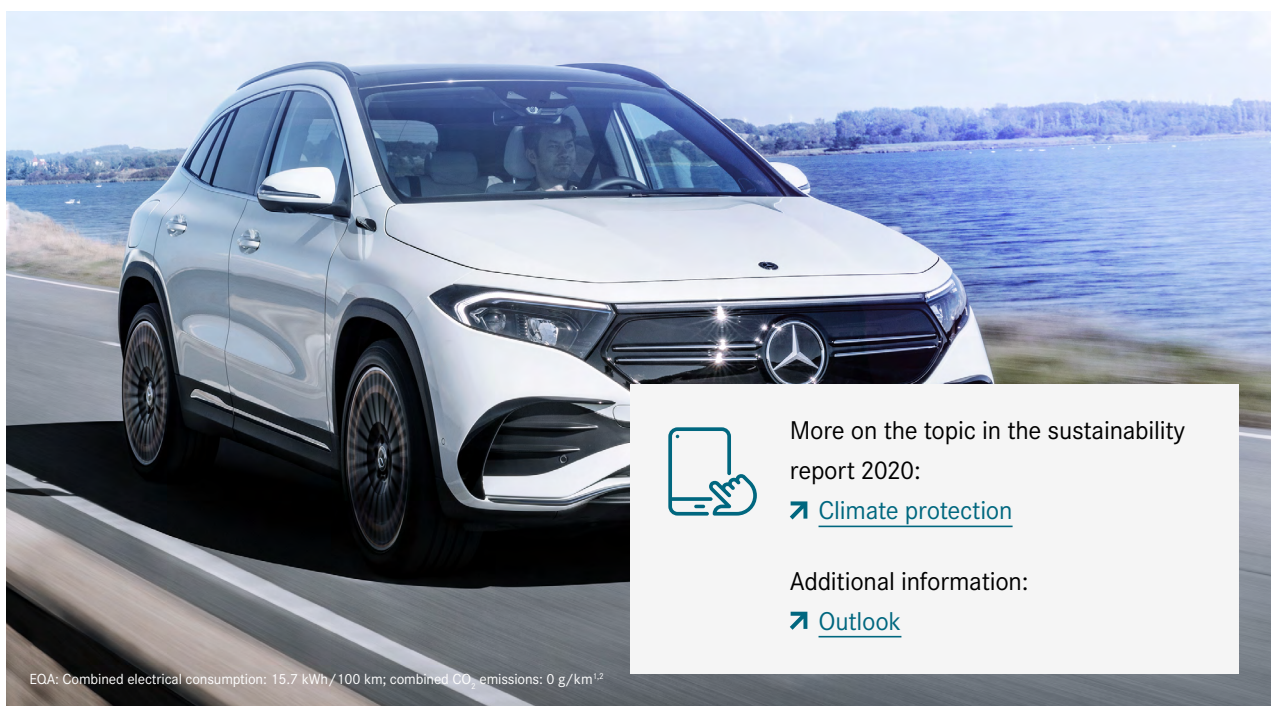
Due to their greater relevance, we have for the first time defined the CO₂ emissions of our new car fleet in Europe as “the most important” non-financial performance indicator in the reporting year 2020. As a result of our compliance with the legal regulations, during the reporting year the average CO₂ emissions of our total passenger car fleet in Europe (European Union, UK, Norway and Iceland) decreased to an estimated 104 g/km (NEDC, including vans that are registered as passenger cars). This means that we achieved the CO₂ targets in the European Union (European Union, United Kingdom, Norway, and Iceland) in 2020.

Our plans call for the transition from the previous NEDC testing procedure to the new WLTP to take place in 2021. This will require us to adjust our consumption targets, and it will also lead to an increase in certification values. Whereas the CO₂ targets for the fleet were based on the NEDC values in 2020, in 2021 they will be based on the WLTP values according to the regulatory requirements.

CO₂ emissions of the new-car fleet in Europe



With regard to the value calculated according to the WLTP, we expect that our fleet's average CO₂ emissions in Europe (European Union, Norway, and Iceland) in 2021 will continue to be significantly lower than the figure, also calculated according to the WLTP, which was recorded for the previous year. This development has been favored especially by the increasing proportion of all-electric and plug-in hybrid vehicles in our total car sales.



1 Electricity consumption and range were calculated on the basis of Commission Regulation (EC) No. 692/2008. Electricity consumption and range depend on the vehicle configuration.

2 The actual range is also dependent on individual driving style, road and traffic conditions, outside temperature, use of air conditioning/heating systems etc. and may therefore differ.

Across all divisions: Our future is electric

We are developing all-electric and electrified model variants for all of our vehicle types – from cars and vans to trucks and buses. Thanks to our modular

development approach, we can quickly transfer technologies between our divisions. Our development focus is on battery-electric mobility for cars and vans, and on all-electric drive systems with batteries or fuel cells for trucks and buses.

Alternative drive systems Mercedes-Benz Cars*

		2019		2020	
Worldwide	Hybrid	29,907	1.2%	115,191	5.2%
	Electric drive	19,622	0.8%	47,672	2.2%
	Alternative drive systems (total)	49,529	2.0%	162,863	7.4%
MBC unit sales (total)		2,456,347		2,202,579	
Europe	Hybrid	16,091	1.7%	104,113	14.1%
	Electric drive	18,419	1.9%	42,711	5.8%
	Alternative drive systems (total)	34,510	3.6%	146,824	19.9%
MBC unit sales (total)		954.912		738.957	

* Retail Mercedes-Benz Cars (incl. V- and X-Class)

SPURWECHSEL – TRUCKS & BUSES IS CHANGING LANES

Daimler Trucks & Buses: We are launching series production of locally CO₂-neutral vehicles worldwide

As one of the world's leading manufacturers of commercial vehicles, Daimler Truck AG has made a firm commitment to electric mobility in heavy-duty trucks and buses. With our electric city buses and comprehensive "e-bus" consulting services, we are already playing a major role in locally emission-free public transport and the improvement of air quality in cities.

We have also set ourselves ambitious targets for reducing CO₂ emissions over the next two decades:

- 2022** We intend to offer series-produced vehicles with battery-electric drive systems in the main sales regions Europe, the United States, and Japan by 2022.
- 2nd half of the 2020s** In the second half of this decade we intend to put series-produced vehicles powered by hydrogen-based fuel cells on the road.
- 2039** Daimler Truck AG has set itself the goal of offering only new vehicles that are CO₂-neutral in driving operation (tank-to-wheel) in Europe, Japan, and North America by 2039.
- 2050** By 2050 we intend to enable the use of CO₂-neutral transportation on all streets and roads.

On the road to CO₂-neutral production

As part of our sustainable business strategy, we have set ourselves the overall goal of making the mobility of the future more sustainable. One important target is the reduction of greenhouse gas emissions. This applies not only to our mobility solutions but also to our own production plants. By pursuing our goal of making our production processes CO₂-neutral over the long term we are fulfilling our voluntary commitment to the Paris Agreement and complying with other national and international climate protection guidelines.

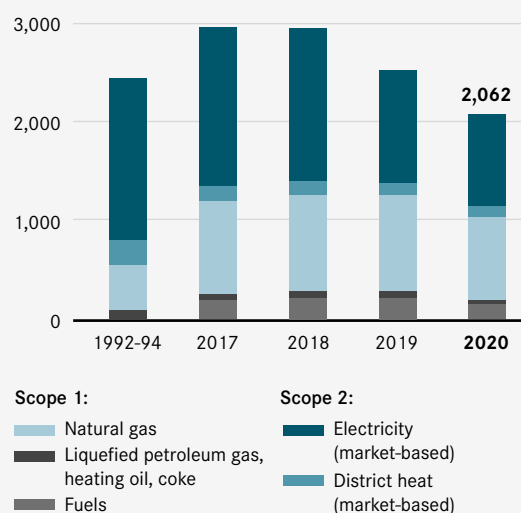
Climate protection goals for our plants

We have also set ambitious climate protection goals for our plants:

- 2022** Starting in 2022: CO₂-neutral production at our own Mercedes-Benz Cars and Vans production plants worldwide and at the Daimler Trucks & Buses production plants in Europe.
- 2025** By 2025: CO₂-neutral production at all Daimler Trucks North America (DTNA) production plants. The Portland truck manufacturing plant already achieved CO₂-neutral production in 2020.
- 2030** By 2030: At Mercedes-Benz Cars & Vans we are striving to reduce the CO₂ emissions at our plants (Scope 1 and 2) by 50 percent relative to the reference year 2018 by 2030. This target has been confirmed by the Science Based Targets Initiative.
- 2039** By 2039: CO₂-neutral production at all of our plants and in all of our business units worldwide.

Direct and indirect CO₂ emissions from production

in 1,000 t



CO₂ emissions from energy consumption (in 1,000 t)*

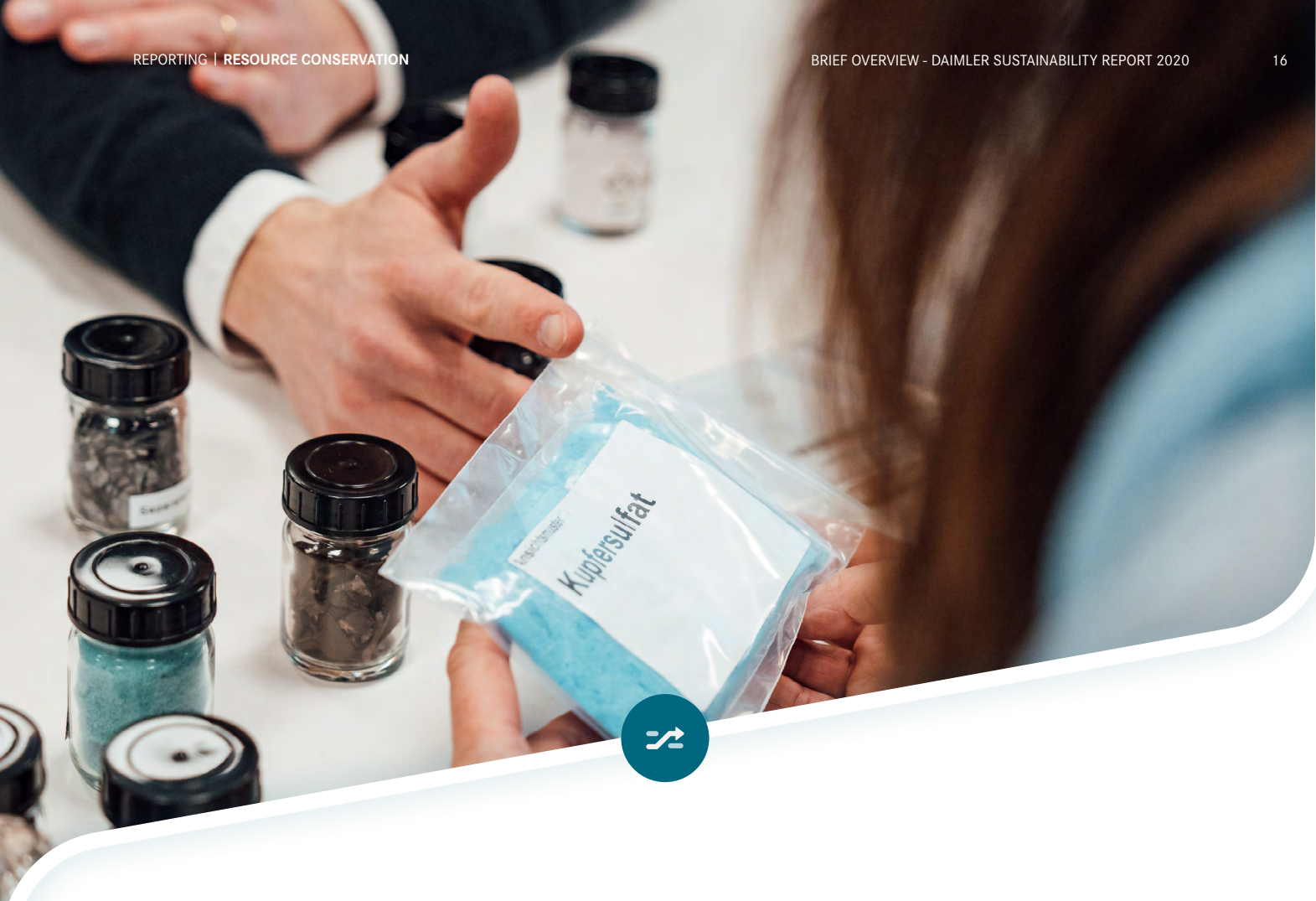
	2019	2020
CO ₂ direkt (Scope 1)	1,239	1,027
CO ₂ indirekt (Scope 2) – market-based	1,276	1,035
CO ₂ indirekt (Scope 2) – location-based	1,706	1,492
Summe – market-based	2,516	2,062
Summe – location-based	2,946	2,519

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



More on the topic in the sustainability report 2020:











- [Climate protection & air quality](#)
- [Decarbonization of production](#)
- [Climate protection](#)
- [Decarbonization and climate protection](#)



Resource conservation

Worldwide consumption of resources is growing – with negative consequences for the environment and society. Therefore our goal is to increasingly decouple our consumption of resources from the growth of our production volume. We intend to reduce our use of resources per vehicle. In this way we want to help promote both economic growth and sustainability. Our plan can only succeed if we systematically conserve resources and continue to close recycling loops.

We are therefore taking on responsibility in terms of both products and production. For example, we are increasingly using secondary materials and renewable raw materials in our vehicles and steadily making our processes more efficient. In order to also reduce our energy and water consumption and waste generation, we are working continuously to make our production processes more efficient and more environmentally friendly.

Target	Target horizon	SDGs
Energy consumption per vehicle* — Cars – 43% — Vans – 25%	2030	  
Water consumption per vehicle* — Cars – 33% — Vans – 28%	2030	  
Waste for disposal per vehicle* — Cars – 43% — Vans – 33%	2030	 
Proportion of secondary raw materials per vehicle ** — Cars 40%	2030	 

* In production, as compared to the average for 2013/2014
 ** On average for the Mercedes-Benz car fleet without smart and vans

SPURWECHSEL – We are changing lanes

Our vision is to transform our entire value chain into as closed a loop as possible. One of the ways to do this is to return our production waste and end-of-life materials to the material cycle. In particular, batteries from electric vehicles still contain a great deal of valuable materials at the end of their life cycle. The recycling and reuse of these and many other raw materials is the focus of our current strategic activities and will remain

so in the future. It is equally important and necessary to integrate our suppliers even more closely into our processes – for example, through dialogs and clearly defined targets. We are also actively engaged in various initiatives that have set themselves the goal of reducing the resource consumption of important raw-material industries.



More on the topic in the sustainability report 2020:

[➔ Resource conservation](#)

Additional information:

[➔ Mercedes-Benz models with 360° Environmental Check](#)



Livable cities

The majority of the world's population now live in cities, where millions of people and tons of goods travel every day – in many cases in cars, vans and trucks, as well as via public transport. Congested roads, higher CO₂ emissions, and increasing noise and air pollution are just some of the effects of this transport activity. We need to expand our thinking about urban mobility concepts in order to reduce these impacts.

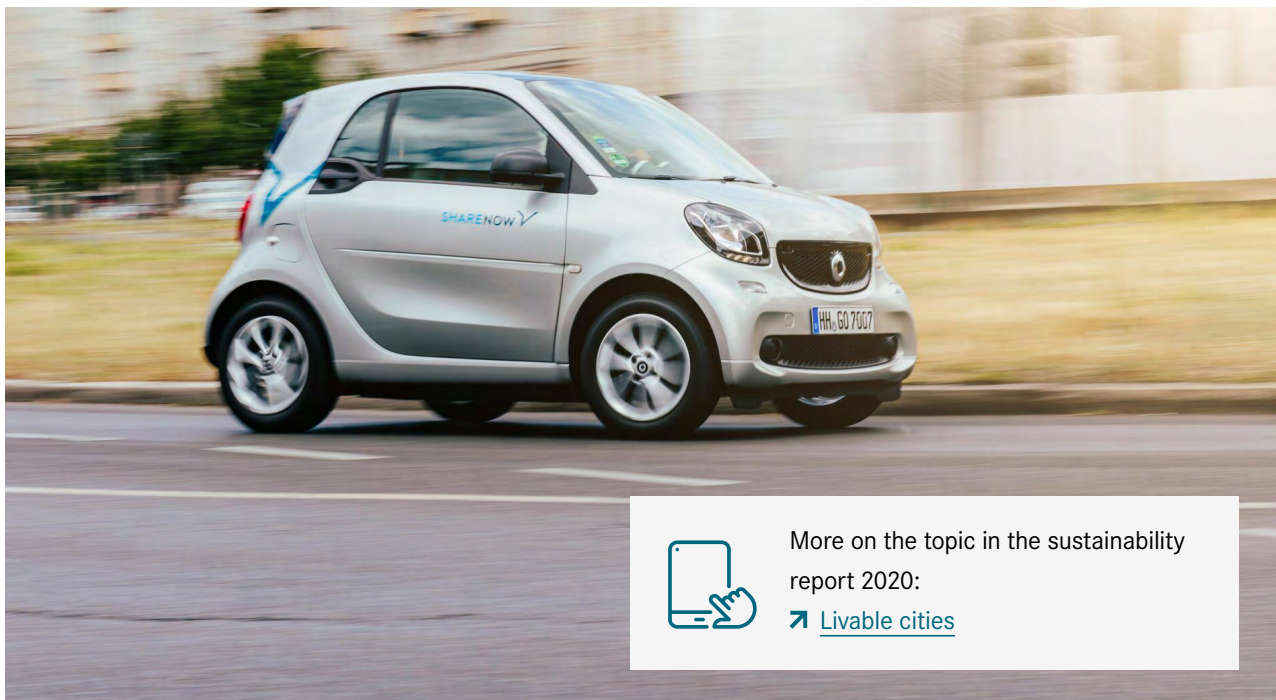
Our vision at Daimler is to use sustainable transportation solutions to improve quality of life in the cities. Electric mobility offers one key lever – but it is not the only one. It is much more a matter of establishing a comprehensive electric mobility ecosystem consisting of products, services, technologies, and innovations. Daimler is taking responsibility here and employing intelligent mobility solutions to shape the future of urban transportation.

SPURWECHSEL – We are changing lanes

Urban mobility: We are helping to ensure a better quality of life in cities

Products and services from Daimler are already helping to improve traffic in cities – and we are expanding our activities in this area. We want to reduce emissions in cities and increase safety, and we also want to make a broader range of mobility solutions available. These are our objectives for making cities livable. We are focusing on the following action areas in order to achieve these objectives:

- We offer private and business customers in metropolitan areas safe, low-emission products combined with accompanying services for the transport of people and goods.
- We are developing new mobility solutions. At the same time, we support the launch of new products and the further development of existing products that help make transport in urban areas safe, clean, and efficient.
- We support mobility that goes beyond privately owned cars by investing in new mobility services and platforms.
- We understand the mobility needs of cities and we combine existing solutions from Daimler while developing new products and services as well. We work with city representatives to develop new solutions, products, and business models that improve the quality of life in cities.



More on the topic in the sustainability report 2020:

 [Livable cities](#)



Traffic safety

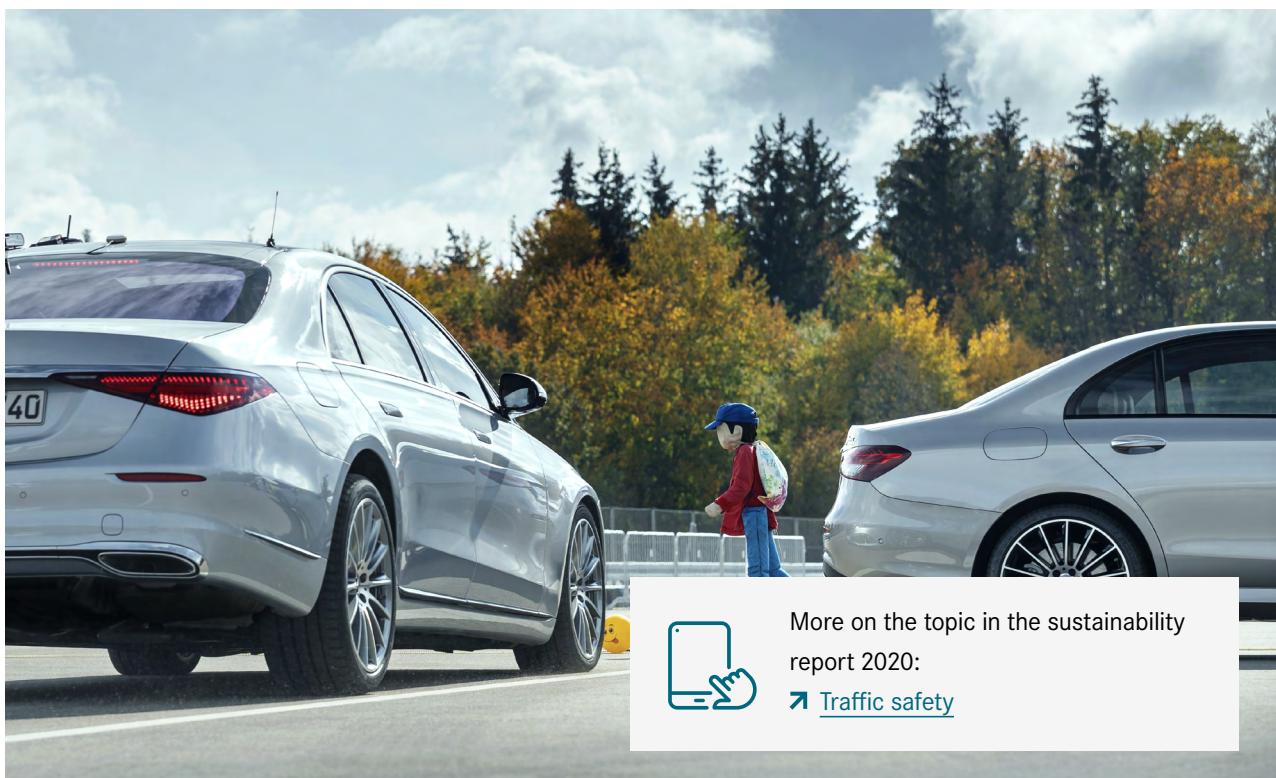
Accident-free driving – this vision drives us and is a fixed component of our sustainable business strategy. Our innovative driving assistance systems already offer drivers and passengers a high level of safety and comfort today. These systems can help drivers avoid or safely manage critical situations on the road in order to protect vehicle occupants and other road users. System warnings and active brake applications are now increasingly mitigating the consequences of accidents or even preventing them altogether.

Automated driving systems have the potential to fundamentally change the nature of mobility – and improve it. For example, automated systems can make an important contribution to increasing safety. At the same time, we need to keep the potential risks in mind. It is vitally important that we take not only functional aspects but also ethical and data protection issues into account from the very beginning of the product development process.

SPURWECHSEL – We are changing lanes

What we seek to achieve in terms of traffic safety

- We want to prevent or mitigate the effects of as many accidents as possible by making use of state-of-the-art assistance systems.
- We aim to achieve the best possible crash safety results with a high degree of occupant protection and protection of other road users.
- We continue to take measures that increase public awareness of the importance of traffic safety through education programs and roadshows, for example, and we provide information on safety technology and innovations.
- We are expanding the use of driving assistance systems in an increasing number of vehicles.
- We are integrating societal and ethical considerations into conditionally automated and highly automated driving systems – for example with our “ethics by design” concept.
- We implement data-protection principles and standards along the entire value chain in accordance with the “privacy by design” principle.
- We support social and political dialog on the topic of automated driving.



More on the topic in the sustainability report 2020:

 [Traffic safety](#)



Data responsibility

As the digital transformation process progresses, the responsible handling of data is becoming all the more important for our success. Our vision of mobility is one in which the privacy of individuals is protected. We therefore design our products and services with the needs of our customers in mind and make every effort to ensure that data is managed responsibly.





More on the topic in the sustainability report 2020:

➤ [Data responsibility](#)

More on Data Compliance Management at Daimler:

➤ [Responsible Use of Data](#)

Target	Target horizon	SDGs
Assessment of the effectiveness of the Data Compliance Management System*	2022	
Development of a data governance organization		
— Data Governance Committee	2020**	
— Data and Analytics Board		

* The overall effectiveness of the Data Compliance Management System can only be reliably assessed after it has been used for a certain length of time. Potential improvements are also discovered and realized during this phase.

** Completed

SPURWECHSEL – We are changing lanes

For us, data protection has top priority

Ensuring data security and respecting and protecting the privacy of our customers have top priority for us. This is because our customers' trust is crucial for our success – especially when it comes to people's acceptance of new technologies such as artificial intelligence (AI). As a result, we are one of the world's first automotive companies to define and publish fundamental [principles](#) for the use of this technology.

For us, data protection begins during the design of new products and services and encompasses numerous additional measures for complying with data security requirements. We use an integrated data compliance management system to ensure the systematic and risk-based planning, implementation, and continuous monitoring of all these measures.



The EQS boasts the unparalleled MBUX Hyperscreen



Human rights

As an internationally operating company, we bear responsibility for respecting and upholding human rights along our entire value chain. This is why we conduct risk-based and systematic monitoring to ensure that human rights are upheld at our Group companies and by our suppliers.

In order to procure raw materials in a responsible manner, we also work

together with associations, organizations, and other companies in various projects and initiatives.












More on the topic in the sustainability report 2020:

[➤ Human rights](#)

Additional information:

[➤ Integrity Code](#)

Target	Target horizon	SDGs
In the first step regarding our services supply chains , our goal is to conduct an initial review of 100% of our service commodities that pose a high risk of human rights violations in the period through 2021 .	2021*	  
Our objective for the period through 2025 is to review 70% of all the production raw materials we use that pose a high risk of human rights violations and to define any necessary remediation measures.	2025**	  
Our objective for the period through 2028 is to define and implement appropriate measures for addressing 100% of our production raw materials that harbor a higher risk of human rights violations.	2028	  

* Target already achieved in 2020
 ** Interim goal: By the end of 2021, we plan to scrutinize 30 percent of all high-risk raw materials.

SPURWECHSEL – We are changing lanes

Obligation and mission: We respect human rights

Respect for human rights has key importance for Daimler and is an obligation as well as a mission. Our due diligence obligation for ensuring that human rights are upheld is correspondingly a focal topic of our sustainable business strategy. To this end, we provided measurable targets and key figures for our human rights approach.

As a responsible company, Daimler is firmly committed to the UN Guiding Principles on Business and Human Rights and the German

government's National Action Plan for Business and Human Rights. These standards also serve as the basis for numerous measures that we have implemented in order to make sure we meet our due diligence obligations with regard to human rights along the entire value chain. The basis for this is the Human Rights Respect System (HRRS) that we developed. We use it to make a risk-based and systematic assessment of the respect for human rights in our Group companies and the supply chain.



Integrity and Compliance

We are convinced that companies stay successful only if their actions are ethical and legally responsible. This is especially the case during times of turmoil and transformation such as those we are experiencing today. Integrity and Compliance are therefore top priorities at Daimler.

Integrity is one of our four corporate values, the others being respect, passion, and discipline. Together, they form the foundation of our business activities. At Daimler, ethical behavior means doing the right thing. For us, this includes adhering to laws, aligning our activities with our corporate values, and following our inner compass.

SPURWECHSEL – We are changing lanes

Our five corporate principles guide our behavior

We encourage and enable our employees to consistently uphold our corporate values. They are given orientation by our [Integrity Code](#), which is valid throughout the Group. It defines guidelines for our conduct and helps us make the right decisions – because ethical behavior is especially important in situations where the regulations are unclear or can be interpreted in different ways.

The key element of our Integrity Code consists of our five corporate principles. They provide orientation and are to be put into practice by all of our employees:

- 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.

We want to safeguard compliance with technical and regulatory requirements

For us, technical Compliance means adhering to technical and regulatory requirements, standards, and laws. In doing so, we take into account the fundamental spirit of these laws and regulations and we adhere to internal development requirements and processes.

Our objective is to identify risks within the product creation process (product development and certification) at an early stage and to implement preventive measures. For this purpose we have established a technical Compliance Management System (tCMS) in our automotive divisions. Its objective is to safeguard compliance with all legal and regulatory requirements throughout the entire product development and certification process.

The tCMS defines specific values, principles, structures, and processes in order to provide our employees with guidance and orientation, especially with regard to challenging questions on how to interpret technical regulations.



More on the topic in the sustainability report 2020:

[Integrity and Compliance](#)

[Compliance Management](#)

Additional information:

[Integrity Code](#)








[Compliance Management System](#)



People

Electrification, autonomous driving, connected urban mobility: It is not just our products that are changing fast — lots of things in the company are changing too. We are digitalizing our value creation processes — and thus our work. Our employees will need to be able to successfully address a variety of challenges in the digital world of the future, and it is our stated goal to ensure they will be able to do so. An open attitude

regarding the digital transformation and digital skills, along with a diverse and inclusive corporate culture, form the basis for achieving this goal. This is because only in a culture marked by respect and trust can all employees unlock their full potential and thus enable the company to undergo a successful and sustainable digital transformation.

Target	Target horizon 2025	Target horizon 2030	SDGs
Attractiveness as an employer for digitally talented people*	Top 7	Top 5	
Empowerment of employees for the digital transformation*	60%–65%	> 70%	 
Agreement rate “diversity (fair treatment)”**	70%	> 75%	 
Proportion of women in leading management positions***	Annual increase of one percentage point		 

* Rankings of goals in the Trendence study of college graduates in the field of IT (Germany)

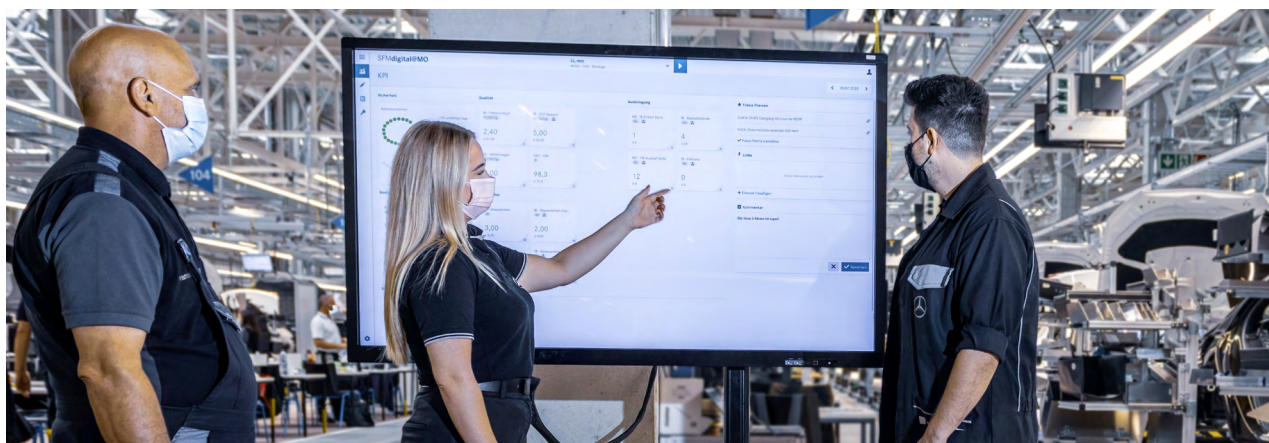
** Daimler employee survey, agreement rate

*** Daimler Group worldwide, excluding Daimler Greater China and Trucks Asia

SPURWECHSEL – We are changing lanes

More than anything else, we owe our Group’s success worldwide to our highly motivated employees, who contribute their expertise and ideas to their respective tasks and work processes and help make improvements and create innovations. This is why we support all of our employees with their tasks and offer them effective training measures throughout their careers that enable them to develop further both professionally and personally.

We therefore invest extensively in their training and professional development and continually refine our human resources development programs. Here we focus on requirements associated with the transformation of the automotive industry in terms of alternative drive system technologies and digitalization in particular. We also take measures that ensure fair opportunities and a healthy working environment.



Diversity lays the foundation for our success

Our workforce is as diverse as our customers, and Daimler is convinced that diversity makes us more successful as a company. This is because diversity helps us to find new viewpoints and acts as a driving force behind creative ideas and innovations. We promote a working environment in which all of our employees can develop and make full use of their talent – regardless of their age, gender, sexual orientation or any other characteristic that relates to diversity. We therefore need to be respectful of one another and remain open-minded, which means there is no place for discrimination in the workplace. For us, inclusion means treating the diversity of our employees consciously, inclusively, and appreciatively.

Diversity management is part of our sustainable business strategy. The three areas of action

Female workforce: other key figures (in %)

	2019	2020
Percentage of women	19.0	18.7
Percentage of women in management positions level 1-3	19.8	20.5
Percentage of women in the second management level below the board*	23.8	23.5
Percentage of women in the first management level below the board*	12.5	11.8
Percentage of women in the Board of Management	25.0	25.0
Percentage of women in the Supervisory Board	30,0	30,0

* Daimler AG

“Best mix,” “Work culture,” and “Customer access” form the foundation for a corporate culture shaped by diversity.

Daimler Diversity Kompass



Diversity and inclusion in three areas of action:



Best Mix

Putting together the best teams – that offer equal opportunities and are free of discrimination



Work culture

Creating a supportive and inclusive working environment



Customer access

Understanding, appreciating, and reaching customers as individuals



More on the topic in the sustainability report 2020:

➤ [People](#)

➤ [Diversity and equality of opportunity](#)

Additional information:

➤ [Diversity-Statement „For a Culture of Appreciation and Respect“](#)



Strong partnerships

Human beings can only overcome the major social and environmental challenges we face, such as climate change and increasing urbanization, by working together. We at Daimler strive to achieve such cooperation by contributing our expertise to the social dialog and by working together with others to create

solutions. We are guided by the vision of utilizing exemplary formats for political dialog that allow us to establish ourselves as a leading corporate citizen in the automotive industry. We seek to actively participate in the political and public opinion-shaping process as a trustworthy partner.

SPURWECHSEL – We are changing lanes

We communicate with our stakeholders reliably and on the basis of facts

We consider it important to precisely understand the interests and expectations of our stakeholders. It's the only way we can determine what our shared positions are so that we can initiate corresponding projects and measures. Our activities for representing our political interests are always aligned with our most important positions as a company. We have developed a "360-degree process" to determine what these are. This process takes both internal and external expectations into consideration.

Furthermore, we always communicate with our stakeholders reliably and on the basis of facts.

A constructive international political dialogue in our worldwide markets is essential for the sustainability of our business operations. Through our broadly based international network, we are safeguarding our dialogue with the political stakeholders. When planning new projects or addressing location-specific topics, we also communicate with local stakeholders so that we can find acceptable solutions and create conditions that benefit everyone concerned.





Supply chain

Investors and analysts – and legislators and societies as well – are increasingly calling on the automotive industry to ensure greater sustainability throughout the supply chain. The expansion of e-mobility, in particular, is shifting the focus on the upstream value chain. The production of batteries in particular is especially energy-intensive and causes large amounts of CO₂ emissions.

Batteries also require raw materials such as lithium and cobalt. However, the mining and processing of such materials can potentially result in human rights violations and negative environmental effects, because these materials sometimes come from countries that lack sufficient environmental and social standards.

We monitor the supply chains

Daimler is convinced that companies that want to be sustainable must also focus on their supply chain. This is because we procure raw materials indirectly, and components and services directly, from all over the world. Our goal is to combine achieving business success with acting responsibly toward the environment, people, and society – and doing so along the entire value chain. We also expect our direct suppliers to display the same sense of responsibility by complying with environmental and social standards.

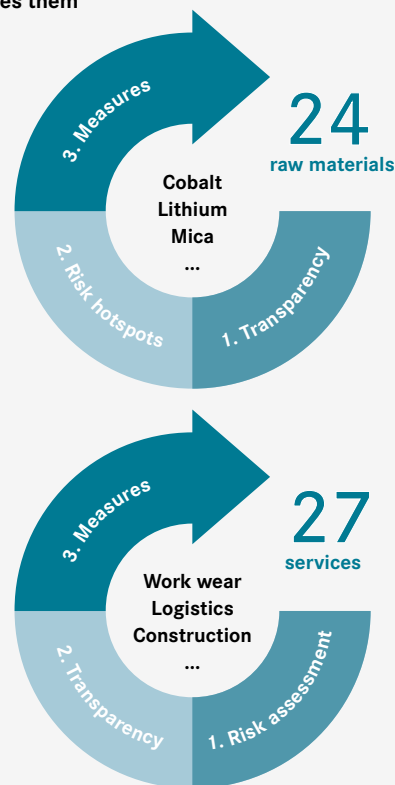
Sustainable supply chain management also offers us many opportunities. Our commitment enables us to establish good business practices on markets worldwide and thus make a valuable contribution to respecting and upholding human rights as well as to protecting the environment and the climate. At the same time, our sustainable supply chain management increases our stakeholders' trust in Daimler as a responsible partner.

We promote human rights within our supply chains

By means of our due diligence approach, the Human Rights Respect System, we evaluate whether human rights-related due diligence obligations are fulfilled within our supply chain. Within the framework of an advance risk assessment, we have identified 24 raw materials and 27 services whose use, extraction or further processing pose potentially critical human rights risks. This risk assessment is based on a variety of international reference documents, including the Child and Forced Labor List from the US Department of Labor, for example. Extraction and mining methods, and the countries where raw materials are located, all play an important role in our analyses. To assess risks in the services sector, we also use indices that help us focus on countries where human rights are subject to an increased risk.

Critical raw materials and services in the supply chain

Daimler identifies risks and systematically addresses them



Example Cobalt supply chain

Cobalt is an important raw material for the production of batteries for electric cars and commercial vehicles. The world's largest deposits of this material are found in the Democratic Republic of Congo (DR Congo). Transparency is an essential precondition so that human rights risks can be more effectively identified and counteracted in cooperation with our suppliers.

In 2019 Mercedes-Benz Cars & Vans commissioned a three-year evaluation program, in which the external auditing and consulting company RCS Global audits the cobalt supply chains of the battery cell suppliers in accordance with OECD guidelines.

The evaluation considers aspects such as the avoidance of child labor and modern slavery in addition to occupational health and safety, material control, and existing due diligence systems.

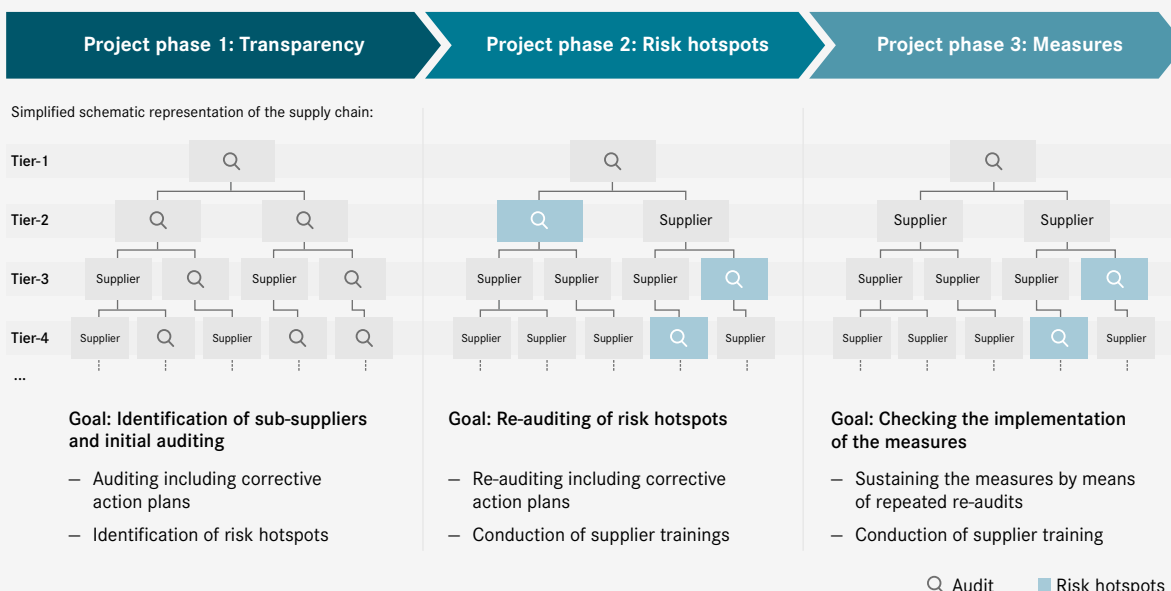
Mercedes-Benz Cars & Vans has identified more than 120 suppliers and conducted over 60 audits since the program was launched. Mercedes-Benz AG is also relying on effective sustainability standards.

Consequently it has made the Standard for Responsible Mining of the Initiative for Responsible Mining Assurance (IRMA) a key criterion for making decisions regarding suppliers in raw material supply chains. In the future, Mercedes-Benz Cars & Vans will require mines of the cobalt and lithium supply chains to be subjected to an IRMA audit before any orders are placed.

Auditing of the cobalt supply chain according to OECD guidelines

The three-year auditing program for battery cells with RCS global

Kick-off 2019 → Status at the end of 2020 × → 2022



More on the topic in the sustainability report 2020:

➔ [Supply chain](#)

➔ [Transparent supply chains](#)

➔ [Human Rights Respect System](#)

Additional information:

➔ [Daimler's Supplier Sustainability Standards](#)

➔ [Standards for Responsible Mining](#)



Contact

If you have any questions, please don't hesitate to contact us:

Website investor relations

➤ www.daimler.com/investors/share/sustainability/

Investor relations contacts

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Website sustainability

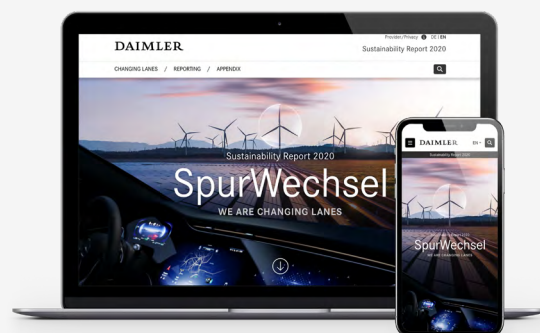
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More information in the sustainability report 2020:

➤ [Sustainability Report 2020](#)

➤ [Sustainability Report 2020 \(PDF\)](#)