

DAIMLER

Task Force on Climate-related Financial Disclosures Report

For the year-ended December 31, 2020

TCFD Reference Index

Daimler AG is one of the world's most successful automotive companies. With its Mercedes-Benz Cars & Vans, Daimler Trucks & Buses and Daimler Mobility divisions, the Group is one of the leading global suppliers of premium and luxury cars and one of the world's largest manufacturer of commercial vehicles. Daimler Mobility offers financing, leasing, fleet management,

investments, insurance brokerage as well as innovative mobility services. The company is listed on the Frankfurt and Stuttgart stock exchanges (ticker symbol DAI). In 2020, the Group had a workforce of around 288,500 and sold 2.8 million vehicles. Group revenues amounted to €154.3 billion and Group EBIT to €6.6 billion.

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All data in this TCFD report is as of, or for the year-ended December 31, 2020 unless otherwise noted. References to Daimler's Sustainability Report 2020 will be available with its publication by March 29, 2021. References to the CDP Climate Change Questionnaire are related to the reporting year 2019.

Governance

Disclose the organization's governance around climate-related risks and opportunities.

a) Describe the board's oversight of climate-related risks and opportunities

One of our most important transformation targets is CO₂ neutrality – and we have firmly embedded it in our sustainable business strategies. At Mercedes-Benz Cars it is expressed in our “Ambition 2039” and our “Electric First” strategy. At Daimler Trucks we have formulated a roadmap 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 Daimler Group for this new age – one that is sustainably fascinating, sustainably climate-neutral, and sustainably profitable.

The Group Sustainability Board (GSB) is our central management body for all sustainability issues and reports to the Board of Management. The GSB is headed by Renata Jungo Brüngger (the Board of Management member responsible for Integrity and Legal Affairs) and Markus Schäfer (the Board of Management member responsible for Group Research; also Mercedes-Benz Cars Chief Operating Officer). Besides performing its other tasks, the GSB also monitors the progress made in the six areas of action defined in the sustainable business strategies. This progress is reported in the form of detailed scorecards that the GSB receives at least once a year. The operational work is done by the Sustainability Competence Office, which consists of representatives from the units managed by the two Co-chairs as well as additional representatives from Corporate Strategy and Corporate Communications.

The Board of Management also informs the Supervisory Board about our sustainability issues at regular meetings. In addition, there is close communication with our external Advisory Board for Integrity and Corporate Responsibility regarding the progress of the implementation of our sustainable business strategies.

Our corporate management is responsible for setting our strategic goals, including targets for reducing our CO₂ emissions, and for monitoring our progress toward them. The Product Steering Board (PSB) monitors the development of the car fleet's CO₂ emissions in markets where such emissions are regulated. It is also responsible for providing forecasts. In its evaluations, the PSB takes into account the increasing degree of vehicle electrification and the

changes that have been made to legal requirements, for example those related to the introduction of the new WLTP test procedure. The Board of Management then decides which measures need to be implemented. On the market side of the equation, price and volume control measures can also affect our ability to achieve our targets in the short term. For this reason, these measures are also discussed with the Board of Management within the framework of the regular reporting on the current state of CO₂ fleet compliance.

In addition, climate-related risks and opportunities are integrated into the Group-wide risk management process at Daimler. Via the segments, information for reporting to the Board of Management and Supervisory Board is passed on to Group Risk Management.

The Group Risk Management Committee (GRMC) is responsible for the continual improvement of the risk management system and for assessing its efficiency and effectiveness. The GRMC is composed of representatives of Accounting & Financial Reporting, the Legal department, Compliance, Technical Compliance, Corporate & Information Security and the members responsible for finance of the Boards of Management of Mercedes-Benz AG, Daimler Truck AG and Daimler Mobility AG; it is chaired by the Board of Management members of Daimler AG responsible Finance & Controlling / Daimler Mobility and for Integrity and Legal Affairs. The Internal Auditing department contributes material findings on the internal control and risk management system.

References:

CDP Climate Change Questionnaire: C1 / (C1.1b)

Annual Report 2020 – Non-Financial Declaration p.73

Annual Report 2020 – Risk and Opportunity Report p.115

Sustainability Report 2020 – Reporting | Sustainable Corporate Governance | SPURWECHSEL – We're changing lanes

Sustainability Report 2020 – Reporting | Sustainable Corporate Governance | How we are managing the Group sustainably

Sustainability Report 2020 – Reporting | Climate Protection & Air Quality | How we embed responsibility for more environmentally friendly vehicles in our organization

Disclose the organization's governance around climate-related risks and opportunities.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

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 of 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 concrete 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.

The organizational embedding of risk and opportunity management takes place through the risk management organization established at the Group. Responsibility for operational risk management and for the risk management processes lies with the segments, corporate functions, organizational entities and companies. They report on the specific risks and opportunities to the next-higher level unit on a regular basis. Significant, unexpected risks must be reported on immediately. Through the segments, this information is passed on to Group Risk Management for reporting to the Board of Management and the Supervisory Board.

Climate-related risks and opportunities are integrated into the Group-wide risk management process at Daimler and are reported and described separately in internal reporting to the Board of Management and Supervisory Board.

The risk management system is intended to systematically and continually identify, assess, control, monitor and report on risks

threatening the Daimler Group's existence and other material risks jeopardizing the Group's success, in order to support the achievement of corporate targets and to enhance risk awareness at the Group. The risk management system is integrated into the value-based management and planning system of the Daimler Group and is a fixed component of the overall planning, management and reporting process in the companies, segments and corporate functions.

The opportunity management system at the Daimler Group is based on the risk management system. The objective of opportunity management is to recognize the possible opportunities arising in business activities as a result of positive developments at an early stage, and to use them in the best possible way for the Group by taking appropriate measures. By taking advantage of opportunities, planned targets should be met or exceeded. Opportunity management considers relevant and realizable opportunities that have not yet been included in any planning.

References:

CDP Climate Change Questionnaire:

C1 / (C1.2) / (C1.2a)

C2 / (C2.2) / (C2.2a)

Annual Report 2020 – Risk and Opportunity Report p. 114, 115

Sustainability Report 2020 – Reporting | Climate Protection & Air Quality | How we assess the effectiveness of our management approach

Sustainability Report 2020 – Reporting | Sustainable Corporate Governance | Financial and non-financial performance indicators are managed Group-wide

Sustainability Report 2020 – Reporting | Sustainable Corporate Governance | Sustainability-related risks and opportunities are a fixed component of the Group-wide planning, controlling, and reporting process

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

The Daimler Group is exposed to a large number of risks that are directly linked with the business activities of Daimler AG and its subsidiaries or which result from external influences. A risk is understood as the danger that events, developments or actions will prevent the Group or one of its segments from achieving its targets. This includes financial and non-financial risks. At the same time, it is important to identify opportunities in order to safeguard and enhance the competitiveness of the Daimler Group. An opportunity is understood as the possibility due to events, developments or actions to safeguard or to surpass the planned targets of the Group or of a segment.

In order to identify business risks and opportunities at an early stage and to assess and manage them actively, effective management and control systems, which have been brought together in an overall risk and opportunity management system, are applied. Risks and opportunities are not offset.

Sustainability aspects and climate-related risks and opportunities are integrated into the Group-wide risk management process at Daimler. They are understood to be conditions, events, or developments involving environmental, social or governance factors (ESG), the occurrence of which may have an actual or potential impact on the Daimler Group's profitability, cash flows and financial position, as well as on its reputation. ESG-related risks and opportunities that are very likely to have a serious negative impact on non-financial aspects in accordance with the CSR Directive Implementation Act (CSR-RUG) can be found in the respective categories of the Risk and Opportunity Report according to their cause. Furthermore, Daimler follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) with regard to climate-related risks and opportunities.

In the context of the planning, risks and opportunities are considered with an observation period of up to five years. The reporting of risks and opportunities in the Management Report generally relates to a period of one year.

Climate-related risks and opportunities can be found in the respective categories of the risk and opportunity report according to their cause. Examples include risks from legal and political framework conditions to reduce emissions and consumption levels, or risks and opportunities from shareholdings and cooperations for mobility solutions or electric mobility.

Many countries and regions have already implemented stricter regulations to reduce vehicles' emissions and fuel consumption or are currently preparing such laws. They relate, for example, to the

environmental impact of vehicles, including limits on noise emissions, as well as pollutants from the emissions caused by production facilities. Non-compliance with regulations applicable in the various regions might result in significant penalties and reputational harm, and might even mean that vehicles could not or could no longer be registered in the relevant markets. This also includes risks from ongoing activities relating to legislation on Real Driving Emissions (RDE). In addition, the risk exists that vehicles already in the markets will have to be reworked. The cost of compliance with these regulations is significant, especially for conventional engines.

Mercedes-Benz Cars & Vans faces the described risks with respect to regulations on mandatory targets for the average fleet fuel consumption and CO₂ emissions of new vehicles. Especially in the markets of China, Europe and the United States, Daimler gives these targets due consideration in its product planning. The increasingly ambitious targets require significant proportions of actual unit sales of plug-in hybrids and cars with other types of electric drive. The ambitious statutory requirements will be difficult to fulfill in some countries. The market success of alternative drive systems is greatly influenced not only by customer acceptance but also by regional market conditions such as the battery-charging infrastructure and state support.

Strict regulations for the reduction of vehicles' emissions and fuel consumption also create potential risks for Daimler Trucks & Buses, because it will be difficult to fulfill the strict statutory requirements in some countries. Above all, this applies to the markets of Japan, the United States, China and Europe. The ambitious targets, especially in Europe, cannot be achieved solely with conventional technology. Daimler Trucks & Buses will therefore have to apply the latest technologies in order to fulfill these requirements. Achieving the 2025 target will require significant proportions of battery-electric trucks or other electrified drive systems in the actual market, which may only be achievable at higher costs.

References:

CDP Climate Change Questionnaire:

C2 / (C2.1)

C2 / (C2.2) / (C2.2a)

C2 / (C2.3) / (C2.3a)

C2 / (C2.4) / (C2.4a)

Annual Report 2020 – Risk and Opportunity Report p.114, 115, 119, 121

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Approximately one fifth of all greenhouse gas emissions in Europe are produced as a result of the transport of people and goods on streets and roads – and that share is rising. We are taking deliberate measures to counteract this trend and have made climate protection a core element of our business strategy.

For us, the Paris Agreement represents more than just an obligation, as our commitment to its targets stems from our fundamental convictions. We therefore believe that it is our mission to develop technical innovations that will lead to CO₂-neutral mobility around the world.

We are developing all-electric and electrified model variants for all of our vehicle models – from cars and vans to trucks and buses. Our development focus is battery-electric mobility for cars and all-electric drive systems with batteries or fuel cells for trucks and buses. The Product Steering Board (PSB) is responsible for monitoring the development of the CO₂ emissions of the car fleet in markets in which such emissions are regulated. It is also responsible for providing forecasts. In its evaluations, the PSB takes into account the increasing degree of vehicle electrification and the changes that have been made to legal requirements, for example those related to the introduction of the new WLTP (Worldwide Harmonized Light Vehicles Test Procedure). The Board of Management then decides which measures need to be implemented. On the market side of the equation, price and volume control measures can also affect our ability to achieve our targets over the short term. For this reason, such measures are discussed with the Board of Management within the framework of its regular reporting on the current state of CO₂ fleet compliance.

Sustainability means harmonizing economic, ecological and social objectives. Daimler is committed to the United Nations' Sustainable Development Goals and to the Paris Agreement on climate change. For our company, sustainability means permanently creating value for all stakeholders: customers, employees, investors, business partners and society as a whole. For us, sustainability is not an isolated area where we take action, but an integral part of our corporate strategy. In line with this approach, we work to achieve CO₂-neutral mobility by 2039, reduce our resource consumption despite growth, implement measures that increase safety on the road, continue to utilize data responsibly, and assume responsibility for upholding human rights along the entire value chain.

Our "Ambition 2039" strategy for Mercedes-Benz Cars clearly demonstrates our commitment to climate protection. Our goal here is to become CO₂-neutral by 2039. More specifically, this means we plan to achieve CO₂-neutral production at our own car plants from 2022, have plug-in hybrids and all-electric drive systems account for more than 50% of our portfolio by 2030, and offer a CO₂-neutral new car fleet to our customers within less than three product life cycles. An example of this is the new Factory 56 at the Sindelfingen

plant. This facility, whose first series-production model is the new S-Class, consumes less energy than previous vehicle assembly operations for comparable model series and has a CO₂-neutral footprint. Among other things, this is made possible by the facility's energy concept, which includes a photovoltaic system, a direct-current network, and energy storage devices made of reused vehicle batteries. A holistic view of the CO₂-reduction issue also needs to take the recycling of raw materials into account. After all, we also want to drive forward the implementation of our climate neutrality objective at our suppliers and partners.

At Mercedes-Benz Vans we have set ourselves the goal of making the new vehicle fleet of our vans for private use CO₂-neutral for their entire life cycle by 2039. For commercially used vans, the goal is to offer only new vehicles that are CO₂-neutral in driving operation ("tank-to-wheel") in the triad markets of Europe, Japan and North America by 2039. Production operations at the Mercedes-Benz Vans plants are scheduled to become CO₂-neutral by 2022.

On its path to achieving CO₂-neutral transportation, Daimler Trucks & Buses aims to offer only new vehicles that are CO₂-neutral in driving operation ("tank-to-wheel") in the triad markets of Europe, Japan and North America by 2039. We intend to offer series-produced trucks and buses with battery-electric drive systems in the main sales regions Europe, the United States and Japan by 2022. In the second half of the 2020s, Daimler Trucks & Buses intends to supplement its portfolio of series-produced vehicles by adding fuel cell-powered electric trucks. In cooperation with the Volvo Group we will drive forward the series-ready development, production and marketing of fuel-cell systems for use in heavy-duty commercial vehicles and other fields of application. Plans also call for all Daimler Trucks & Buses plants in Europe to be CO₂-neutral by 2022.

Daimler Mobility's sustainability efforts are focusing on avoiding and reducing CO₂ emissions as well as on collecting knowledge and promoting employee involvement. The aim is to become climate-neutral by the end of 2022 – not only in administrative departments but at all locations. New leasing and financing offers will explicitly serve to promote the sale of electric vehicles at the divisions.

The issue of the first green bond has further accelerated our development of CO₂-neutral technologies and services. The proceeds from this bond are used exclusively to fund green projects. In this way, our financing activities are also helping to transform us into a carbon-free company and make our industry CO₂-neutral.

We will continue to invest heavily in the attractiveness and future viability of our product range and production processes in 2021. This applies in particular to the increasing electrification of our product portfolio and to the digital connectivity of our products and processes along the entire value chain.



Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

►► Our ambitious CO₂ targets set out in "Ambition 2039" continue to necessitate high investments in electric mobility and far-reaching structural adjustments. Only in this way will we be able to play a leading role in the transformation to a CO₂-neutral future. In order to successfully master these challenges, we will push forward with our measures to improve cost efficiency and implement our strategic initiatives. Achieving appropriate returns and a sound cash flow have absolute priority along this path.

References:

CDP Climate Change Questionnaire:
 C2 / (C2.3a)
 C2 / (C2.4a)
 C3 / (C3.1) / (C3.1a) / (C3.1c) / (C3.1d)
 Annual Report 2020 – Objectives and Strategy p. 26, 27
 Annual Report 2020 – Non-Financial Declaration p. 76
 Annual Report 2020 – Outlook p. 134

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

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 of 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 concrete 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.

We are striving to reduce the CO₂ emissions at our Mercedes-Benz Cars & Vans plants (Scope 1 and 2) by 50% relative to the reference year 2018 by 2030. This production-related reduction target is in line with current scientific findings given a maximum global warming of 1.5 degrees.

By 2030, we also plan to reduce the greenhouse gas emissions of the new vehicle fleet during the vehicle use phase ("well-to-wheel") by more than 40% as compared to 2018.

These targets have been confirmed by the Science Based Targets Initiative.

Daimler is currently working with various future scenarios for the period up until 2039 in order to model its approach over time. Forecasts regarding 2039 depend on different factors, including customer demand patterns, political conditions, infrastructure development, and CO₂ pricing.

References:

CDP Climate Change Questionnaire:
 C3 / (C3.1a) / (C3.1b)
 Annual Report 2020 – Non-Financial Declaration p. 76
 Sustainability Report 2020 – Reporting | Climate Protection & Air Quality | How we assess the effectiveness of our management approach
 Sustainability Report 2020 – Reporting | Climate Protection & Air Quality | How we make our production more environmentally and climate-friendly
daimler.com/magazine/sustainability/co2-emissions-footprint-zero.html
media.daimler.com/marsMediaSite/ko/en/44955263

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

a) Describe the organization's processes for identifying and assessing climate-related risks.

Climate-related risks and opportunities are integrated into the Group-wide risk management process at Daimler and are reported and described separately in internal reporting to the Board of Management and Supervisory Board.

The Daimler Group is exposed to a large number of risks that are directly linked with the business activities of Daimler AG and its subsidiaries or which result from external influences. A risk is understood as the danger that events, developments or actions will prevent the Group or one of its segments from achieving its targets. This includes financial and non-financial risks. At the same time, it is important to identify opportunities in order to safeguard and enhance the competitiveness of the Daimler Group. An opportunity is understood as the possibility due to events, developments or actions to safeguard or to surpass the planned targets of the Group or of a segment.

In order to identify business risks and opportunities at an early stage and to assess and manage them actively, effective management and control systems, which have been brought together in an overall risk and opportunity management system, are applied. Risks and opportunities are not offset.

Sustainability aspects are integrated into the Group-wide risk management process at Daimler. They are understood to be conditions, events, or developments involving environmental, social or governance factors (ESG), the occurrence of which may have an actual or potential impact on the Daimler Group's profitability, cash flows and financial position, as well as on its reputation. ESG-related risks and opportunities that are very likely to have a serious negative impact on non-financial aspects in accordance with the CSR Directive Implementation Act (CSR-RUG) can be found in the respective categories of the Risk and Opportunity Report according to their cause. Furthermore, Daimler follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) with regard to climate-related risks and opportunities.

Risk and opportunity management is a firm component of the Group-wide planning, controlling and reporting process. It is designed to support the sustained achievement of corporate targets and to ensure risk awareness at the Group. Sustainability aspects are integrated into the Group-wide risk management process at Daimler. They are understood as conditions, events or developments involving environmental, social or governance factors (ESG), the occurrence of which may have an actual or potential impact on the Daimler Group's profitability, cash flows and financial position, as well as on its reputation.

Circumstances categorized as environmental issues include CO₂ emissions, extreme weather events, waste prevention, and recycling. Labor law standards, product safety, product liability, and suppliers' compliance with labor law standards are examples of circumstances categorized as social issues. The area of corporate governance is concerned with matters such as honesty in tax affairs, measures taken to prevent corruption, and ensuring data protection.

ESG-related risks and opportunities can be found in the respective categories of the Risk and Opportunity Report according to their cause.

Daimler follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) with regard to climate-related risks and opportunities.

In addition, legal risks or social violations by partners and suppliers can have a negative influence on the reputation of the Daimler Group, on the environment and on the employees of partner companies and suppliers. As one of the basic principles of corporate activity, Daimler therefore pays particular attention to compliance with legal and ethical rules – also when selecting partners and suppliers.

Local risk management plays a key role at our locations with regard to environmental and occupational safety risks. In order to identify and address local labor protection and environmental risks, we operate an Environmental & Safety Risk Management system at our Group-owned production facilities. By means of this system we regularly assess the extent to which we have fulfilled our due diligence obligations. We do this by visiting each location approximately every five years and using a standardized process to find out whether our corporate policies regarding environmental protection and in the area of health and occupational protection have been duly implemented.

References:

CDP Climate Change Questionnaire:

C2 / (C2.1)

C2 / (C2.2) / (C2.2a)

Annual Report 2020 – Non-Financial Declaration p. 74

Annual Report 2020 – Risk and Opportunity Report p. 114, 115

Sustainability Report 2020 – Reporting | Sustainable Corporate Governance | Sustainability-related risks and opportunities are a fixed component of the Group-wide planning, controlling, and reporting process

Sustainability Report 2020 – Reporting | Sustainable Corporate Governance | Managing environmental and occupational safety risks at the local level

Disclose how the organization identifies, assesses, and manages climate-related risks.

b) Describe the organization's processes for managing climate-related risks.

Climate-related risks and opportunities are integrated into the Group-wide risk management process at Daimler.

The employees responsible for risk management have the task of defining measures and, if necessary, initiating such measures to avoid, reduce or protect the Group against risks. Within the context of opportunity management, measures are to be taken with which opportunities can be seized, improved and (fully or partially) realized. The cost-effectiveness of a measure is assessed before its implementation. The possible impact and probability of occurrence of all risks and opportunities of the individual entities and the related measures that have been initiated are continually monitored. The management activities take place at the level of the segments based on individual risks and opportunities. As the parent company of the Daimler Group, Daimler AG monitors implementation by the segments as part of its regulatory, legal, and compliance functions.

Our corporate management is responsible for setting our strategic goals, including targets for reducing our CO₂ emissions, and for monitoring our progress toward them. The Product Steering Board (PSB) monitors the development of the car fleet's CO₂ emissions in markets where such emissions are regulated. It is also responsible for providing forecasts. In its evaluations, the PSB takes into account the increasing degree of vehicle electrification and the changes that have been made to legal requirements, for example those related to the introduction of the new WLTP test procedure. The Board of Management then decides which measures need to be implemented. On the market side of the equation, price and volume control measures can also affect our ability to achieve our targets in the short term. For this reason, these measures are also discussed with the Board of Management within the framework of the regular reporting on the current state of CO₂ fleet compliance.

At Mercedes-Benz AG, an interdisciplinary team consisting of environmental experts, buyers, developers, logistics specialists, production specialists, strategists, and sales experts monitor and manage CO₂ emissions in order to reach the goal of having a CO₂-neutral new-car fleet by 2039.

The environmental and climate protection measures at our production locations are controlled and coordinated across business units by three regional committees (Germany/Europe, North and South America, and Asia) that are supervised by the Board of Management as a whole. These committees enable our experts in these theme fields to create networks linking companies and plants and serve to

develop globally accepted standards and procedures. Their mission is to continuously improve our environmental and climate protection performance by developing standards, sharing tried and tested as well as innovative processes, and communicating our environmental goals.

We take the pollutant emissions of our vehicles into consideration at an early stage of the development process, and we embed the corresponding specifications in the documentation of this process. These specifications define particular characteristics and target values – for pollutant emissions, for example – that must be achieved for every vehicle model and every engine variant. We also use these target values to assess the milestones we reach in the course of product development. To do that, we compare the current status of a project with the target values and take corrective measures if necessary.

We regularly check compliance with the internal and external environmental protection requirements and the plants' reporting obligations as part of the environmental management activities at our production facilities. Among other things, we check to see whether the plants' operations are in compliance with the laws regarding airborne emissions. In the event of any incidents relevant to environmental protection occurring, we document them and take all necessary measures to eliminate possible damage. The effectiveness of the management systems is monitored by external auditors as part of the certification process (ISO 14001, EMAS), as well as by internal environmental risk assessments (environmental due diligence process).

References:

CDP Climate Change Questionnaire:

C2 / (C2.1)

C2 / (C2.2)

Annual Report 2020 – Risk and Opportunity Report p. 115

Sustainability Report 2020 – Reporting | Climate Action & Air Quality | How we embed responsibility for more environmentally friendly vehicles in our organization

Sustainability Report 2020 – Reporting | Climate Action & Air Quality | Reaching CO₂ neutrality as a team

Sustainability Report 2020 – Reporting | Climate Action & Air Quality | How we make our production more environmentally and climate-friendly

Sustainability Report 2020 – Reporting | Climate Action & Air Quality | How we assess the effectiveness of our management approach

Disclose how the organization identifies, assesses, and manages climate-related risks.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

The risk management system is intended to systematically and continually identify, assess, control, monitor and report on risks threatening the Daimler Group's existence and other material risks jeopardizing the Group's success, in order to support the achievement of corporate targets and to enhance risk awareness at the Group. The risk management system is integrated into the value-based management and planning system of the Daimler Group and is a fixed component of the overall planning, management and reporting process in the companies, segments and corporate functions.

The opportunity management system at the Daimler Group is based on the risk management system. The objective of opportunity management is to recognize the possible opportunities arising in business activities as a result of positive developments at an early stage, and to use them in the best possible way for the Group by taking appropriate measures. By taking advantage of opportunities, planned targets should be met or exceeded. Opportunity management considers relevant and realizable opportunities that have not yet been included in any planning.

In the context of the planning, risks and opportunities are considered with an observation period of up to five years. The reporting of risks and opportunities in the Management Report generally relates to a period of one year.

Risk assessment takes place on the basis of probability of occurrence and possible impact according to the levels "Low," "Medium" and "High." These levels also apply to the possible impact of opportunities. An analysis of the probability of occurrence is not considered here. When assessing the impact of a risk or opportunity, unless otherwise reported, its effect in relation to EBIT is considered.

Sustainability aspects and climate-related risks and opportunities are integrated into the Group-wide risk management process at Daimler. They are understood as conditions, events or developments involving environmental, social or governance factors (ESG), the occurrence of which may have an actual or potential impact on the Daimler Group's profitability, cash flows and financial position, as well as on its reputation.

Circumstances categorized as environmental issues include CO₂ emissions, extreme weather events, waste prevention, and recycling. Labor law standards, product safety, product liability, and suppliers' compliance with labor law standards are examples of circumstances categorized as social issues. The area of corporate governance is concerned with matters such as honesty in tax affairs, measures taken to prevent corruption, and ensuring data protection.

ESG-related risks and opportunities can be found in the respective categories of the Risk and Opportunity Report according to their cause. Daimler follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) with regard to climate-related risks and opportunities.

References:

CDP Climate Change Questionnaire:

C2 / (C2.2)

Annual Report 2020 – Non-Financial Declaration p. 74

Annual Report 2020 – Risk and Opportunity Report p. 114, 115

Sustainability Report 2020 – Reporting | Sustainable Corporate Governance | Sustainability-related risks and opportunities are a fixed component of the Group-wide planning, controlling, and reporting process

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Our goal for Mercedes-Benz Cars & Vans is to make our entire new car fleet CO₂-neutral by 2039. We plan to achieve this goal 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. We plan to offer our customers several electric variants in all Mercedes-Benz car segments (from the smart to large SUVs) by 2022 and to have plug-in hybrids or all-electric vehicles account for more than 50% of our car sales by 2030. By 2030, we also plan to reduce the greenhouse gas emissions of the new vehicle fleet during the vehicle use phase (“well-to-wheel”) by more than 40% as compared to 2018. This target has been confirmed by the Science Based Targets Initiative (SBTI).

In the reporting year, the average CO₂ emissions of our total passenger car fleet in Europe (European Union, United Kingdom, Norway and Iceland) decreased to an estimated 104 g/km as measured on the basis of legal regulations (NEDC, including vans that are registered as passenger cars). This means that we achieved the CO₂ targets in Europe (European Union, United Kingdom, Norway and Iceland) in 2020. Whereas the CO₂ fleet targets were determined on the basis the NEDC in 2020, they will be based on the WLTP values in 2021, in accordance with the regulatory requirements. This will lead to an adjustment of the fuel consumption targets and an increase of the certification values. Due to their greater relevance, we have for the

first time defined the CO₂ emissions of our total passenger new car fleet in Europe as “the most important” non-financial performance indicator in the reporting year 2020.

At Daimler Trucks & Buses the ultimate goal is to achieve CO₂-neutral transport on the road by 2050. As early as 2022, we want our vehicle portfolio to additionally include series-produced vehicles with battery-electric drive systems in the main sales regions Europe, the United States and Japan.

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.

References:

CDP Climate Change Questionnaire:

C4 / (C4.1a) / (C4.1b)

C4 / (C4.2)

C9 / (C9.1)

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b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

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 are generated 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.

Further details on Scope 1 and Scope 2 emissions are available in our tool “Key figures environment” (*available for reporting year 2020 by March 29, 2021*).

We have also been reporting our Scope 3 emissions for many years (*available for reporting year 2020 by March 29, 2021*).

References:

CDP Climate Change Questionnaire:

C5 / (C5.1)

C6 / (C6.1) / (C6.2) / (C6.3) / (C6.5) / (C6.10)

Sustainability Report 2020 – Reporting | Climate Protection & Air Quality | Our CO₂ balance applies to the entire life cycles of our products

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Our goal for Mercedes-Benz Cars & Vans is to make our entire new car fleet CO₂-neutral by 2039. We plan to achieve this goal 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. We plan to offer our customers several electric variants in all Mercedes-Benz car segments (from the smart to large SUVs) by 2022 and to have plug-in hybrids or all-electric vehicles account for more than 50% of our car sales by 2030. By 2030, we also plan to reduce the greenhouse gas emissions of the new vehicle fleet during the vehicle use phase (“well-to-wheel”) by more than 40% as compared to 2018. This target has been confirmed by the Science Based Targets Initiative (SBTI).

The ultimate goal at Daimler Trucks & Buses is to achieve CO₂-neutral transport on the road by 2050. As early as 2022, we want our vehicle portfolio to additionally include series-produced vehicles with battery-electric drive systems in the main sales regions Europe, the United States and Japan. In the second half of the decade, we plan to augment our vehicle portfolio with series-produced fuel cell vehicles that run on hydrogen. As it will take about ten years to completely renew a fleet by 2050, another of our goals is to only offer new

vehicles that are CO₂-neutral in driving operation (“tank-to-wheel”) in Europe, Japan and North America by 2039. Daimler’s management is responsible for setting strategic goals, including targets for reducing our CO₂ emissions, and for monitoring the progress made in achieving these goals.

References:

CDP Climate Change Questionnaire:

C4 / (C4.1) / (C4.1a) / (C4.1b)

C4 / (C4.2)

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Sustainability Report 2020 – Reporting | Climate Protection & Air Quality | On the road to full compliance with CO₂ regulations for fleets

Sustainability Report 2020 – Reporting | Climate Protection & Air Quality | Mercedes-Benz Cars & Vans is pursuing ambitious climate-related goals

Sustainability Report 2020 – Reporting | Climate Protection & Air Quality | Daimler Trucks & Buses is pursuing ambitious climate targets

Sustainability Report 2020 – Reporting | Climate Protection & Air Quality | Climate protection goals for our plants

Sustainability Report 2020 – Reporting | Climate Protection & Air Quality | How we assess the effectiveness of our management approach

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, customs and foreign trade provisions; 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 are described 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.