

DAIMLER



Sustainability Report 2014.

Key figures 2014.

01

Financial year 2014

	Unit	2012	2013	2014	
Corporate profile					
Revenue ¹	in millions of €	114,297	117,982	129,872	↗
Operating profit/EBIT ¹	in millions of €	8,820	10,815	10,752	↘
Profit before taxes on income ¹	in millions of €	8,116	10,139	10,179	↗
Group net income	in millions of €	6,830	8,720	7,290	↘
Total vehicle sales	in millions	2.2	2.35	2.55	↗
Unit sales of Mercedes-Benz Cars		1,451,569	1,565,563	1,722,561	↗
Unit sales of Daimler Trucks		461,954	484,211	495,668	↗
Unit sales of Mercedes-Benz Vans		252,418	270,144	294,594	↗
Unit sales of Daimler Buses		32,088	33,705	33,162	↘
Contract volume of Daimler Financial Services	in millions of €	79,986	83,538	98,967	↗
Product responsibility					
Research and development expenditure on environmental protection	in millions of €	2,369	2,471	2,383	↘
CO ₂ emissions of the European fleet (vehicles from Mercedes-Benz Cars)	in g CO ₂ /km	140	134	129	↘
Operations-related environmental protection					
Energy consumption (total)	in GWh	10,769	11,059	10,851	↘
of which electricity	in GWh	4,870	4,545	4,586	↗
of which natural gas	in GWh	4,305	4,971	4,922	↘
CO ₂ emissions (total, scope 1 and 2)	in 1,000 t	3,336	3,356	3,271	↘
CO ₂ emissions (total) per vehicle produced (Mercedes-Benz Cars)	in kg/vehicle	1,059	1,043	963	↘
CO ₂ emissions (total) per vehicle produced (Daimler Trucks)	in kg/vehicle	2,762	2,438	2,348	↘
CO ₂ emissions (total) per vehicle produced (Mercedes-Benz Vans)	in kg/vehicle	1,057	997	768	↘
CO ₂ emissions (total) per vehicle produced (Daimler Buses)	in kg/vehicle	2,549	2,386	2,455	↗
Solvents (VOC), total	in t	6,618	6,907	6,547	↘
Solvents (VOC) per vehicle produced (Mercedes-Benz Cars)	in kg/vehicle	1.09	1.18	1.24	↗
Solvents (VOC) per vehicle produced (Daimler Trucks)	in kg/vehicle	8.70	7.88	6.48	↘
Solvents (VOC) per vehicle produced (Mercedes-Benz Vans)	in kg/vehicle	3.87	4.02	3.84	↘
Solvents (VOC) per vehicle produced (Daimler Buses)	in kg/vehicle	9.49	10.63	12.94	↗
Waste (recovery rate)	in percent	93	90	85	↘
Water consumption (total)	in millions of m ³	15.34	15.2	14.8	↘
Our employees					
Number of employees (worldwide)		275,087	274,616	279,972	↗
Number of trainees (worldwide)		8,267	8,630	8,346	↘
Average age of the workforce (worldwide)	in years	41.9	42.3	42.4	↗
Personnel expenses (worldwide)	in billions of €	18.0	18.8	19.6	↗
Average days of training and advanced development (per employee/year, Daimler AG)	in days	4.0	4.1	4.1	→
Costs for training and advanced professional development (Daimler AG)	in millions of €	241.0	235.5	248.0	↗
Proportion of women (Daimler AG)	in percent	14.4	14.6	14.9	↗
Proportion of women in Level 4 management positions (Daimler AG)	in percent	13.8	14.6	15.0	↗
Workforce turnover (worldwide)	in percent	4.9	4.4	4.9	↗
Proportion of part-time employees (Daimler AG)	in percent	7.1	7.4	7.6	↗
Accident rate ²	rate	9.1	9.1	8.8	↘
Sickness figures (Germany, industrial and administration)	in percent	5.4	5.6	5.6	→
Provisions for retirement benefits and healthcare ³	in billions of €	11.3	9.9	12.8	↗
Social commitment					
Cost of foundations, donations, and sponsorships	in millions of €	58.0	60.0	56.2	↘

¹ For the year 2012, the figures have been adjusted, primarily for effects arising from application of the amended version of IAS 19.

² Accident rate: Number of all occupational accidents with at least one day of absence per million attendance hours. Coverage rate worldwide: 95.9 percent. The figures for 2012 and 2013 were adjusted to reflect the higher coverage rate.

³ For the year 2012, the reported figure has been adjusted for effects arising from the application of the amended version of IAS 19.

Editorial.



Dr. Dieter Zetsche

Chairman of the Board of Management of Daimler AG, Head of Mercedes-Benz Cars



Dr. Christine Hohmann-Dennhardt

Member of the Board of Management of Daimler AG, Integrity and Legal Affairs, Co-Chairman of the Daimler Sustainability Board



Prof. Dr. Thomas Weber

Member of the Board of Management of Daimler AG, Group Research & Mercedes-Benz Cars Development, Co-Chairman of the Daimler Sustainability Board

Dear Readers,

Have you ever heard of the book “The Imperative of Responsibility”? It was written by Hans Jonas and was the best-selling philosophy book of the 1980s. Its main message is as topical today as it was then: “Act so that the effects of your action are compatible with the permanence of genuine human life on earth.” Simply put: Those who act according to the motto “after me the deluge” increase the probability of deluge. Instead, we must act in a way that we can justify to our children and grandchildren. This is exactly what we are doing at Daimler.

It is no accident that no other vehicle manufacturer can look back on a tradition as long as ours. This also has to do with the fact that we take responsibility – for the economy and the ecology, for employees and society. We are not writing this because it reads well in the editorial of a sustainability report, but because the “Responsibility Principle” is a guiding principle in our business activities.

Take our products: Of our total investments of around €5.7 billion, in research and development last year, almost half went into “green” technologies. With the B-Class Electric Drive and the Denza – the first electric car to be fully developed in China for China – we have brought two more E-vehicles onto the road.

For us, PLUG-IN hybrids are a key technology in the transition to fully electric driving: By 2017, we will have brought ten PLUG-IN models onto the market – one new vehicle every four months, on average. For us, responsible action also means that we must work to make road traffic even safer. Ninety percent of traffic accidents are caused by human error. It is clear: Every accident is one too many. We also see great potential in autonomous driving. In 2013, we presented the prototype of an autonomous S-Class, followed by the first autonomous truck last year: our Future Truck.

The “Responsibility Principle” also guides us in our relationships with our employees, customers, suppliers, shareholders, neighbors, and NGOs. Our guidepost in the last fifteen years has been the UN Global Compact – which addresses environmental protection and the protection of human and employee rights as well as the fight against corruption. We are convinced that only those who act ethically are also economically successful. This is what we are striving for and what we want to continue to discuss with you, dear readers, in the future as well. Let us take responsibility together!

Best regards,

Dr. Dieter Zetsche

Dr. Christine Hohmann-Dennhardt

Prof. Dr. Thomas Weber

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Additional information, key figures, and all PDF files can be downloaded from our interactive online report:

 <http://sustainability.daimler.com>

Note on online information: Topics about which you can find more information online are indicated directly in the text. Simply enter the three-digit number you see (e.g. 307) into the search field in the interactive report in order to go to the content you're interested in.

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GRI Materiality Matters indicators

The formula for



The new C 350 e is the youngest member of the growing family of plug-in hybrids from Mercedes-Benz. Daimler engineers had one goal in mind above all others for the drive system of this premium vehicle: maximum efficiency.

205

kW is the combined output of the four-cylinder gasoline engine and electric drive system in the C 350 e.

5.9

seconds is how long it takes for the sedan to accelerate from 0 to 100 km/h.

2.1

liters is how much fuel the C 350 e needs to travel 100 kilometers (NEDC).

efficiency



Fuel consumption combined: 2,3 l / 100 km;
CO₂ emissions combined: 52,0 g/km

48

grams of CO₂ per kilometer are emitted by the vehicle.

31

kilometers is how far the C 350 e can drive in the pure electric – and thus locally emission-free – mode.



The C 350 e is a true wonder of efficiency. It boasts 205 kW of output but only needs 2.1 liters of fuel to travel 100 kilometers. This corresponds to CO₂ emissions of 48 grams per kilometer. Despite all this efficiency, the comfortable sedan is as lively as a sports car: In its Sport Plus mode, the vehicle accelerates from 0 to 100 km/h in 5.9 seconds. A premium sedan that's as dynamic as a sports car and as environmentally friendly as a compact – how can that be?

We asked someone who should know the answer: Uwe Keller, who has a Ph.D. in engineering and is also the Project Lead for the centerpiece of the C 350 e: the hybrid powertrain. “Ultimately, the secret lies in perfect interaction,” says Keller. “We matched all of the systems, parts, and components down to the last detail in order to ensure that the combustion engine, the transmission, and the electric drive work together perfectly. In combination with our intelligent drive system management concept, this results in a high level of efficiency and outstanding handling.”

Efficiency is also the main objective of the project team led by Keller. However, the powertrain developers don't work alone to achieve this goal, as approximately 200 employees at Mercedes-Benz in Sindelfingen are directly or indirectly involved in the hybrid powertrain project. These include experts for control devices, electrical functions, electronic systems, and batteries, as well as the individuals responsible for the various model series. “Every unit or department works with the others to make a contribution to the overall result; success is always the success of many,” Keller explains.

Perfect interaction isn't required from the technical systems alone, nor is the complexity limited to the technological aspects. After all, what the hybrid powertrain team does is to bring to-



Uwe Keller, 46, is the Project Lead for hybrid powertrains. Keller, who has a Ph.D. in control systems engineering, has been working at Daimler for 15 years. After focusing on gasoline engines and transmissions, he began working on hybrid drives around five years ago – and it fascinates him to see how this field brings together different technologies and components, as well as different people and their expertise.

gether two worlds that each have their own laws: the worlds of combustion engines and electric drive systems. “If greater efficiency is to be achieved in such a system, everyone must be aware of the fact that a change to even the tiniest detail will impact the entire system,” says Keller. “Getting this type of systemic thinking embedded in people's minds was one of the biggest challenges we faced.”

The most efficient powertrain

As regards the powertrain, the main goal was – and still is – to achieve the highest degree of efficiency. That's because there's always a certain amount of loss whenever energy is transferred to the wheels via the transmission, regardless of whether the energy comes from a fuel tank or a battery. This is due to towing and friction effects, for example. The developers lower the losses with the help of sophisticated micromechanical measures. “The good thing is that everything we achieve in terms of powertrain efficiency has double the impact in hybrids – when they are driving and when they recover energy,” Keller says. Individual



efficiency gains often amount to just a few percent, but when taken together they have a major effect on the system. “For example, we achieved CO₂ emissions of 109 grams per kilometer with the E-Class BlueTEC Hybrid in 2012,” he adds. “Today, we’re down to 99 grams – just through optimization measures alone.”

This is also not the first success the powertrain specialists have been able to celebrate. Indeed, Daimler has launched a whole range of hybrid models on the market since 2009, and the drive system technology has been improved with each vehicle launched. New records for fuel efficiency and CO₂ emissions have been achieved nearly every time. With CO₂ emissions of 94.99 and 115 grams per kilometer, respectively, the diesel hybrids from the C-Class and S-Class series were recently rated at the top of their segments in benchmark studies. This is mainly due to an advantage that competing brands have been unable to match to date: “We have the most efficient powertrains in all model series,” Keller explains.

Which brings us to an exceptional aspect of the Daimler approach here: The Group is not seeking to serve just one segment with its hybrid concepts. That’s why Daimler doesn’t build “special-purpose design” vehicles but instead utilizes a modular concept. The basis consists of customized powertrains that can be combined with different engines and used in all model series. Such a powertrain also includes a special hybrid transmission with an integrated electric motor. The combustion engine is linked to the transmission in a manner that allows it to be completely disconnected when it is not needed, in which case it stops running. Such a setup makes it possible to combine different types of engines and transmissions, including everything from front- and rear-wheel drives for cars to all-wheel drive systems for SUVs. The result is a broad range of variants and a high degree of flexibility. This, in turn, enables Daimler to respond more effectively to customer requirements and offer a more extensive range of products.

2.1 liters per 100 km – in the real world as well?

The Group therefore has good reason to believe plug-in hybrids will be successful on the market. Regardless of the variant in question, the combination of a high level of dynamic handling and low fuel consumption is an attractive feature for many customers. Nevertheless, can consumption values such as those measured on a test rig with the C 350 e actually be achieved in practice? After all, it’s no secret that real-world fuel consumption is generally higher than official consumption figures.

Still, Keller says, “Our 2.1 liters can definitely be achieved – and consumption can even be lower than that. For example, I drive to the office in the all-electric mode with a fully charged battery – that’s 13 kilometers. I then drive home in the evening on a full charge and with zero emissions. In other words, I don’t use any fuel whatsoever for my commute. When I take other trips where I need the combustion engine, my fuel consumption is pretty much exactly the same as the NEDC value without the electric drive.”



How official fuel consumption is calculated in the EU

The main purpose of standardized testing procedures is to provide fuel consumption figures that enable different vehicles to be compared. Although the stipulated driving cycles are derived from real-life driving profiles, they are ultimately nothing more than a convention, so actual consumption usually deviates from the official figures.

The **New European Driving Cycle (NEDC)** defines the conditions and speed sequences under which a vehicle with a combustion engine is to be operated on a test rig in order to measure fuel consumption and CO₂ emissions, as well as other parameters.

Consumption data for hybrid vehicles in the EU is obtained in accordance with the ECE R 101 regulation, whereby consumption is first measured with a discharged battery – in other words, without the electric motor operating. A “bonus” for the given electric range is then subtracted from the measured consumption value.

In the case of the C 350 e, the calculation is as follows: The vehicle can travel 31 kilometers in the all-electric mode. For this, it receives a bonus of 55 percent on the official consumption value (without any additional external energy). The consumption figure for a four-cylinder hybrid in this performance class is 4.6 liters per 100 kilometers, which corresponds to 107 grams of CO₂ per kilometer. If one then subtracts 55 percent, the result is 48 grams of CO₂ per kilometer, or 2.1 liters of fuel per 100 kilometers.

This calculation method takes into account the special characteristics of plug-in vehicles that operate with both electric motors and combustion engines. Purely electric vehicles, on the other hand, are always expressed as emitting 0 grams of CO₂ per kilometer.

It can thus be concluded that actual fuel consumption is variable and depends in large part on the use profile – and even more on the way the driver operates the vehicle. That’s why Mercedes-Benz developers implemented innovative operating strategies and driving programs streamlined for efficiency in the C 350 e. These features make the vehicle even more efficient in real driving situations.



Efficiency through intelligence

Like the S 500 PLUG-IN HYBRID, the C 350 e was imbued with a lot of intelligence by Mercedes-Benz engineers. A sophisticated drive system management concept ensures that the efficiency benefits from the powertrain are fully exploited. In addition, intelligent strategies enable maximum driving efficiency. “A predictive and route-based operating strategy, a haptic gas pedal with radar-controlled energy recovery, and a radar-based shifting strategy – our people developed solutions that are truly unique,” says Keller proudly.

The predictive operating strategy Keller referred to uses information on road topography from the navigation system to optimize the battery-charge state. For example, if a hybrid is approaching a long downhill gradient where braking energy can be recovered, the operating strategy will take energy from the battery in advance in order to lower fuel consumption and will then fully recharge the battery on the subsequent downhill stretch. Daimler has been using this operating strategy in selected hybrid vehicles since 2013.

The route-based operating strategy is a C 350 e specialty. This strategy also uses data from the navigation system, but the goal here is to ensure the most efficient use of the combustion engine, the electric motor, and the battery along a given route. For example, a trip from Hamburg to Munich begins with all-electric driving in the city. Once the vehicle gets on the highway, the combustion engine takes over. The traction battery is then charged as needed during the rest of the trip, thereby ensuring that the vehicle can be driven completely emission-free once again when it arrives in Munich.

The haptic gas pedal emits a double impulse to indicate to drivers when they should remove their foot from the accelerator. This occurs, for example, if the radar system in the C 350 e determines that the car is approaching a slower-moving vehicle on the highway. If the driver releases the gas pedal, the system switches off the combustion engine and the car begins to virtually “sail.” However, if the vehicle is still moving too fast, the system will turn on the electric motor to brake the car – and recover energy during braking.

Hybrid offensive for lower CO₂ emissions

The system ensures that the new plug-in hybrids drive not only economically and in an environmentally friendly manner but also very smoothly, as these are important preconditions for the market success Daimler is seeking to achieve. Plans call for a significant increase in the share of the new-car fleet accounted for by highly efficient drive systems and model series over the next few years. Between now and 2017 alone, the Group plans to launch ten new plug-in hybrid models on the market. The S-Class and C-Class models are to be followed by the production launch of a new Mercedes-Benz plug-in hybrid around once every four months – everything from an E-Class to SUVs. Daimler expects to be producing hundreds of thousands of hybrids by the end of the decade.

So, what’s the purpose of this ambitious offensive? We asked Thomas Weber, Member of the Daimler AG Board of Management and responsible for Group Research & Mercedes-Benz Cars Development, explains. “Given the CO₂ limits that will go into effect in the EU in 2020, we will need to achieve a fleet value of roughly 100 grams per kilometer. For a premium manufacturer, simply building small cars with low engine displacement is not a viable option. That’s why we will focus on the most efficient technology and bring about a breakthrough for plug-in hybrids.”

»Formula 1 drivers Lewis Hamilton and Nico Rosberg know that it’s all about using energy intelligently rather than simply hitting the gas.«

Thomas Weber

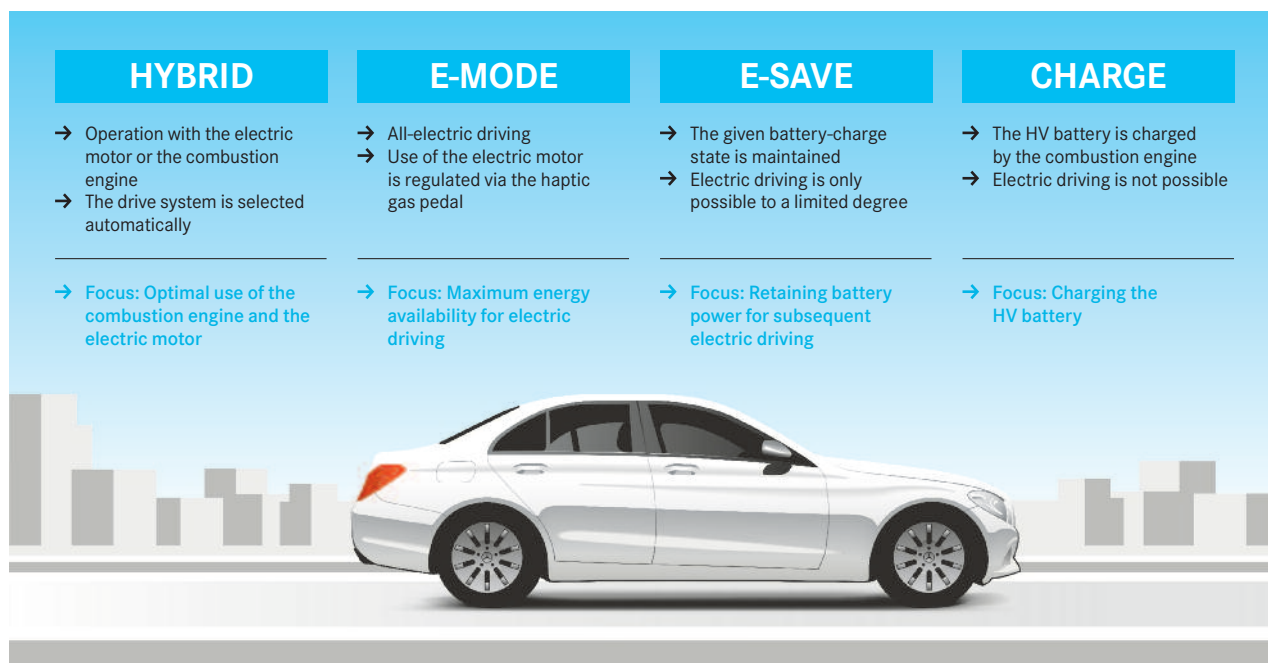
The best of both worlds

In practice, however, the most efficient technology can only lead to low CO₂ emissions if drivers exploit the associated potential. An economical and predictive driving style is still not necessarily considered “cool,” but Weber believes that could change. “Two of our most famous employees have demonstrated that you can drive fast and economically in a hybrid. I’m referring here to Nico Rosberg and Lewis Hamilton. These two Formula 1 drivers know



Successful transfer:

Mercedes-Benz series and Formula 1 development teams learn from one another in many ways. In the area of hybrids, the two sides especially support each other’s efforts to further increase efficiency.



Built-in intelligence

The operating strategy for the C 350 e is designed to ensure a type of interaction between the electric motor and combustion engine that's perfectly aligned with the situation at hand and also optimizes fuel efficiency. The system takes into account the battery-charge state, the traffic situation, and the route topography. However, the interaction between the two drive systems can also be regulated manually.

that it's all about using energy intelligently rather than simply hitting the gas" he says.

Race car drivers as a role model for a clever urban driving style? That would certainly be something new. What's not new, but still not very well known, is that series development experts and Formula 1 specialists at Mercedes-Benz learn and benefit from one another in many ways. Their approach is based on the idea of bringing together the best of both worlds. In the past, it was mainly the series developers who benefited from the achievements of their Formula 1 colleagues in terms of enhanced lubricants, materials, fuels, and micro surface-finishing and coating techniques. For example, the friction-reducing coating with extremely hard diamond-like carbon (DLC) developed for motor sports is also used in production engines.

Today, however, there is a mutual exchange of knowledge in many areas, which has led to improvements to both Formula 1 and production vehicles. This especially applies to hybrid technologies, aerodynamics, suspensions, and friction-reduction techniques for powertrains. In the area of hybrids, the two sides especially support each other's efforts to further increase efficiency. Both sides contribute their specific expertise to the development of components such as electric motors, batteries, and control systems.

Ambitious goals

But back to Uwe Keller and his team: The powertrain developers in Sindelfingen will keep grinding away when Daimler launches one new hybrid after another over the next few years. They plan to make future hybrid drives even more effective and efficient. They also want to help make hybrid vehicles more attractive to customers. To this end, they will work even more closely with colleagues from battery development units, for example. That's because the next development step will focus mainly on extending the electric range for hybrids and making the charging process more convenient. For example, Daimler will soon begin testing inductive charging systems in which electrical energy is transferred wirelessly. Daimler engineers are also working hard to get more battery capacity out of the same volume. If all of these things can be accomplished, plug-in hybrids from Mercedes-Benz might become just as common in the not-too-distant future as diesel and gasoline models are today.

Mr. Troska, you've been the Board of Management member responsible for Greater China since the end of 2012, and you live most of the year in China. In this context, what has impressed you most during the past two years?

Hubertus Troska: The close cooperation with our long-standing Chinese partners, the unbelievable dynamism and diversity of the business environment here, and especially our employees. They are models of diligence, openness, friendliness, a commitment to success, and dedication and enthusiasm for the world's most valuable automotive brand. Even an old hand at international assignments like me is inspired by that.

2014 was a very successful year for Daimler in China. At the same time, experts are warning that there may be a slow-down of economic growth. To what extent will this affect the automotive industry? Is the end of the "gold rush" mood already in sight?

Troska: Today China is the world's biggest market for vehicles, and I believe it will always occupy that position. Even if its economic growth slows down and its gross domestic product only grows by about seven percent in the medium term, that would still be impressive. Increasing urbanization, relatively low vehicle density, and a steadily growing middle class are also continuing to offer great potential for the constant and sustainable growth of the automotive market. That's especially true of premium vehicles.

We are really doing well here. With over 280,000 Mercedes-Benz cars sold last year – an increase of almost 30 percent – we grew much more than our competitors and the market as a whole. We

significantly expanded our dealer network and substantially improved our service quality. We opened a training center in Shanghai for our car sales staff and our service employees – it's the biggest center of its kind in the world. Our vehicles are very popular in the market, largely because our portfolio includes products that are specifically tailored to the Chinese market. One example of that is the long-wheelbase C-Class, which we produce exclusively in and for China. As a result, we are consistently expanding our local production. The first compact SUV of the GLA-Class will roll off the assembly line this spring. It will be followed by other compact models. Only last fall, we concluded an investment agreement with our partner amounting to about € 1 billion for this purpose. At around the same time, we also opened a new research and development center in Beijing. This is a further key element of our strategy for sustainable growth in China. It will enable us to give our Chinese customers a voice in our global network and even greater weight in future product developments.

As you can see, we are well positioned and we are looking very optimistically at the future. In 2015 we want to once again increase our sales by a double-digit percentage and deliver well over 300,000 vehicles to our Chinese customers.

That sounds very positive. Within the context of your economic success, how significant is integrity for you and your activities in China?

Troska: Integrity is of key importance to us. According to an ancient Chinese saying, "A business will not prosper without

»A business will not prosper without integrity.«

Hubertus Troska believes in China. Since the end of 2012 he has been the member of the Board of Management of Daimler AG responsible for one of the Group's most important sales markets.



integrity.” At Daimler, we are convinced that trust is the most important currency and that a good reputation is the best asset of a company that aims to operate in an upright and sustainable way. That’s why we made integrity a key element of our corporate strategy years ago, whether we are doing business in Europe, the U.S. or here in China. The basic principle is the same: Legal and ethical standards must be respected wherever we operate. And that also applies to our suppliers and business partners.

How sustainable are your business operations in China?

Troska: They are very sustainable. Our car production in Beijing is a good example. The Beijing Benz plant is state-of-the-art, and it fulfills the most stringent standards for environmentally friendly production. Another example is the products we offer here in the Chinese market. In addition to offering the smart electric drive and Mercedes-Benz hybrid vehicles, we founded the joint venture BYD Daimler New Technology Co., Ltd. together with our partner BYD in Shenzhen in 2010. Here we have jointly produced the DENZA, an electric vehicle that is specially developed and produced in and for China, since August 2014. The DENZA not only has a remarkable range of up to 300 kilometers but also stands out as the safest electric vehicle in the Chinese market. That was confirmed a few months ago by the Chinese authority for vehicle safety. That’s yet more proof of the pioneering role we are playing with the DENZA.

Electromobility is strongly supported by the government in China, but sales are still low. What do you think is the reason for that?

Troska: Electromobility is still a challenging market all over the world. In many cases, the specific challenges are identical. It’s all about technology and range, charging facilities and infrastructure, functionality and costs. In my opinion, the Chinese government is very aggressively addressing these issues. That’s because it has realized that mobility can cause problems, especially in big cities – and China has more big cities than any other country. Electromobility offers a very good approach to a solution here, and that’s why it is being strongly promoted. For example, our DENZA customers in Shanghai receive subsidies of about €15,000 as well as free license plates. As you know, free license plates are not offered as a matter of course in China.

In short, I think China has the potential and the will to become the world’s biggest market for electric vehicles. And with our DENZA we’ve established ourselves in exactly the right position. After all, it’s the only vehicle from a European OEM that is fully entitled to receive these subsidies.

Can you tell me something about your compliance management system?

Troska: The compliance management system we are implementing makes sure the six basic compliance elements are introduced in all the companies in which we have an interest and that they are further developed there. In other words, there has to be a compliance function in every Chinese company in which we own a stake. We continually analyze and evaluate compliance risks, and we have defined binding codes of conduct. Finally, we have established a whistleblower system for reporting suspected compliance violations in each of these companies, and we provide regular training courses on compliance-related issues for the employees there.

Mr. Troska, the issue of human rights in China is politically controversial and widely discussed. In your experience, how is this issue being dealt with at our locations in China?

Troska: Let me say this much: Daimler was one of the first signatories of the UN Global Compact. That’s not a coincidence, because this document expresses our own convictions. We consider human rights our top priority. As a company, we consider employee rights and fair working conditions indispensable. We are vehemently opposed to every form of discrimination, forced labor, and child labor. And that holds true for every country in which we operate.

Let’s talk about corporate social responsibility. How do you live up to this claim in China?

Troska: In the early 1980s we were a founding member of the China Charity Foundation. Since then we have established a comprehensive CSR system in China that focuses on areas such as education, mobility, art and culture, as well as environmental protection.

In the area of education in particular, we have created some very successful programs under the umbrella of the “Star Fund.” These include the traffic initiative “MobileKids” and the “Happy Music Classroom.” Ever since our music program was established, we have enabled more than 160,000 financially disadvantaged children to receive music instruction. This year we have mainly experimented with percussion classes – to the delight of some parents (laughs). We are also supporting education for older students. For example, we have been offering a scholarship program for students at the renowned Beijing University for 20 years now.

We are also the first automaker ever to promote six UNESCO Natural Heritage Sites in China. And we’re also quick to help when a natural disaster strikes. For example, in 2014 we joined up with our dealers to donate 20 million RMB (about €3 million) within only 24 hours for the victims of the earthquake in Ya’An in southwestern China.

These are only a few examples of our involvement in China, but they make it very clear that we want to grow not only in this wonderful country but also with it.

Mr. Troska, thank you for this interview!



Hubertus Troska has been a member of the Board of Management of Daimler AG since December 13, 2012. In this function, he is responsible for the company’s operations in China. Mr. Troska was born on March 25, 1960 in Bilbao, Spain. He studied economics and English and Spanish language and literature at the University of Gießen and then took postgraduate courses in business management there. In 1988 he joined the then Daimler-Benz AG as a manager in the international sales organization.

Daimler in China

China's automobile market is growing more dynamically than any other. China is also one of the world's most important markets for Daimler. In 2014, the Group had 12 production, sales, and service companies operating in the country, including seven joint ventures with Chinese partners.

Daimler companies

Daimler Greater China Ltd. (DGRC) manages the business operations of Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks and Buses, Mercedes-Benz Financial, and Daimler Spare Parts in China, and is also responsible for operations at the R&D centers on the Chinese mainland and in Hong Kong, Macao, and Taiwan.

Mercedes-Benz Auto Finance Ltd. (MBAFC) offers financial products and services for customers from China's financial and insurance sectors. Daimler Trucks and Buses China Ltd. (DTBC) is responsible for the Group's truck and bus business in China and will also offer financing, fleet management, and telematics solutions in the future.

Mercedes-Benz Leasing Co., Ltd (MBLC) is the first automotive company in China to offer leasing solutions to private and business customers.

Daimler North East Asia Parts Trading and Services Co., Ltd. (DPTS) is part of Daimler's global logistics network and is responsible for genuine spare parts for Mercedes-Benz cars, vans, and trucks in China.

Joint ventures – administration

Mercedes-Benz (China) Ltd. (MBCL) is a trading company that imports nearly the entire range of Mercedes-Benz cars and also manages the sales of these vehicles in mainland China.

Beijing Mercedes-Benz Sales Service Co., Ltd. (BMBS) markets and sells both imported and locally manufactured vehicles from Mercedes-Benz and smart and also offers associated services.

Daimler Culture Development Co., Ltd. is responsible for the construction of a Mercedes-Benz museum in China. It is the second such museum to be built outside of Germany.

Beijing Foton Daimler Automotive Co., Ltd. (BFDA)

Ownership

50 percent Daimler,
50 percent Foton

Location

Beijing

Launch of production

2012

Production volume in 2013

106,537 units

Production (from 2014 on)

Medium and heavy-duty Auman trucks, Mercedes-Benz OM 457

Energy consumption

257.3 GWh

– thereof electricity: 73.7 GWh
– thereof natural gas: 178.2 GWh
– thereof heating oil: 5.4 GWh

Beijing Benz Automotive Co., Ltd. (BBAC)

Ownership

49 percent Daimler,
51 percent BAIC

Location

Beijing

Launch of production

2006

Total plant area

1,983,626 m²

Production volume in 2013

119,815 units

Production

Mercedes-Benz C-Class, E-Class (long version for the Chinese market), GLK-Class, car and van engines

Energy consumption

529.0 GWh

– thereof electricity: 235.6 GWh
– thereof natural gas: 293.4 GWh

Shenzhen BYD Daimler New Technology Co., Ltd.

Ownership

50 percent Daimler,
50 percent BYD Co. Ltd.

Location

Shenzhen

Established

2011

Launch of production

2014

Production capacity

(launch in 2014): 40,000 units

Development

Electric vehicles from the DENZA brand, world premiere planned at Auto China 2014

Fujian Benz Automotive Co. (FBAC)

Ownership

50 percent Daimler & China Motor Corporation, 50 percent Fujian Motor Industry Group Co., Ltd.

Location

Fuzhou

Launch of production

2007

Production volume in 2013

11,155 units

Production

Body shop and assembly unit for vans (Vito, Viano, and Sprinter)

Energy consumption

40 GWh

– thereof electricity: 25.0 GWh
– thereof natural gas: 14.4 GWh
– thereof heating oil: 0.6 GWh



Attractiveness put to test

Their jobs may be very different, but that's exactly why a worker at the plant in Fuzhou, China, a consultant at Daimler Financial Services in Mexico City, and an engineer at the research center in Sindelfingen all have one thing in common: Daimler is interested in hearing their opinions when the company defines targets in one of the key areas of sustainability – its attractiveness as an employer. Periodic global surveys ensure that the Group can collect a wide range of opinions from employees in all different fields. “The survey results are the starting point of our work,” says Eckhard Kreßel, Head of Human Resources and Labor Policy at Daimler AG. Managers need to analyze critical factors together with their staff and then jointly develop ideas for improvements. In this sense, a survey can serve as an engine for development and change. Employees seem to take the same view, as survey participation rates are high. For example, 70 percent of the company's workforce took part in the most recent Group-wide full census survey in 2014.

Strong identification

One of the survey's key indicators is the Employee Commitment Index (ECI). The ECI gauges employee identification with Daimler on the basis of parameters such as satisfaction and loyalty – but also with regard to employee opinions on the company's

“The opinions of our employees are indispensable – not just for helping us show better appreciation for their efforts but also for improving our performance.”

Wilfried Porth, Member of the Board of Management of Daimler AG, Human Resources and Director of Labor Relations & Mercedes-Benz Vans

competitiveness and the level of motivation they themselves experience. Daimler's global ECI score of 63 points in 2014 was more or less the same as in the last Group-wide survey in 2011. In terms of a comparison with other companies, Daimler remains above the current worldwide average of 61 points.

There are differences between organizational units, however. Whereas the results among managers and administrative personnel improved, the mood among production workers and employees in production-related units debased in some cases. “It's important to establish a dialog here in order to obtain more detailed information on the criticisms and opinions that led to the results,” says Kirsten Andres, an organizational development specialist who supports the post-survey follow-up process at Daimler Trucks. Getting staff involved in the process presents an organizational challenge in assembly units that often employ more than 1,000 shift workers. Nevertheless, there are some good examples of how this challenge can be overcome. For instance, one production unit used the regular group meetings that take place on the assembly line to conduct an analysis of the results of its 2012 survey. Prior to the first meeting, the unit's management team extensively analyzed critical feedback, which they used to formulate appropriate questions. This multi-stage dialog between management and staff led to measures to improve the quality of information provided to employees and promote a greater sense of team spirit, for example. Employees quickly realized that a true effort was being made to change things.



70%

of Group employees, or around **260,000 people**, took part in the 2014 Employee Survey.



63

points were received by Daimler in the 2014 ECI – which means the Group is now two points above the average for companies around the world.

[More on employer attractiveness: p. 60 f.](#)



In brief



40,000

individual processes **pertinent to ISO TR 14062 environmental certification** were analyzed in an environmental assessment. All new car model series from Mercedes-Benz have been issued this **environmental seal of quality** – including the most recent generations of automobiles equipped with electric drive systems.

[Environmental certificates for Mercedes-Benz models: qr-sr.daimler.com/0qa](http://qr-sr.daimler.com/0qa)



One-two finish

The Sprinter 316 CDI finished first and the Sprinter 313 CDI came in second in the **Green Van 2014** rankings drawn up by *VerkehrsRundschau* magazine.

At the top

is also where Daimler can be found in **the manufacturer rankings from Verkehrsclub Deutschland (VCD)**. This is the second time the Group has led the VCD's manufacturer rankings for environmental management.

www.vcd.org

Award winner: NANOSLIDE®

Daimler captured two awards for its NANOSLIDE® technology: the **2014-2015 European Environmental Award** in the category "Process," and the **R&D 100 Award** presented by *R&D Magazine* in the U.S. The ultra-thin NANOSLIDE® coating reduces weight and engine friction; this in turn improves fuel efficiency and lowers CO₂ emissions.



CSR in India

Mercedes-Benz India and Daimler India Commercial Vehicles will focus their CSR activities more strongly on socially underprivileged individuals in the future. Among other things, plans call for support for programs that **help lower infant mortality rates** and fight **poverty, hunger, and diseases such as malaria and HIV/Aids**. This approach is in line with India's Companies Act 2013 and it also involves the establishment of a local CSR committee that is now using a CSR strategy based on local requirements to develop appropriate support measures.

100

points

Daimler attained the maximum number of points in the **2014 Climate Disclosure Leadership Index (CDLI)**. A high level of transparency and effective climate-protection measures led to the company receiving an "A" performance rating. Daimler was therefore honored for its outstanding and best-in-industry transparency and performance at the 2014 CDP Climate Leadership Award Conference.

www.cdp.net

Diversity award

Exemplary diversity management at Daimler AG led to the Group receiving the **Max Spohr Prize 2014** from the Völklinger Kreis association of gay managers in Germany.

Acting locally



Economic, social, and environmental conditions vary from country to country. Many Daimler national subsidiaries and regional organizations have therefore developed their **own CSR and sustainability programs** within the framework of the Group-wide sustainability strategy. This is the case, for example, in **China, India, Argentina, South Korea, Spain, and the Middle East**. Some subsidiaries even publish their own sustainability reports.

[Daimler China Sustainability Report 2014](#)

[qr-sr.daimler.com/0q8](#)

[Reporte de Sustentabilidad 2011-2012 \(Mercedes-Benz Argentina\)](#)

[qr-sr.daimler.com/0qb](#)



No e-mail pile-ups after vacation

Daimler's electronic assistants aren't used only in its vehicles. For example, employees in Germany who don't want to go through an endless pile of e-mails in their inbox following a vacation can use the **Mail on Holiday** service. This system ensures that e-mails that arrive when a staff member is on vacation are automatically deleted. It also sends an e-mail to senders with the e-mail address of the person filling in for the vacationing employee. This ensures that all queries etc. can be dealt with quickly.



191

passengers

The new Mercedes-Benz CapaCity L is a true giant: Designed in line with the needs of large cities, the spacious articulated bus can accommodate 191 passengers. At the same time, **it's extremely efficient**, as no comparable city bus consumes less fuel per passenger.



FUTURE TRUCK 2025

Back in July, Daimler presented the **world's first-ever autonomously driving truck on a new section of the A14 highway near the city of Magdeburg**. The Mercedes-Benz Future Truck 2025 is controlled by the innovative Highway Pilot system and can drive completely autonomously at speeds of up to 85 km/h. The near-production study is based on the Actros 1845.

[Special on the Future Truck 2025: qr-sr.daimler.com/0qd](#)

Top employer

Daimler Financial Services is the **first German company** to make it into the **elite group of the World's Best 25 Multinational Workplaces**. The ranking is made every year by the independent Great Place to Work Institute. Daimler's Financial Services division qualified for the ranking because it is one of the top employers in at least five countries.



Sustainable Mobility 2.0

Hamburg is one of six pilot cities around the globe in which the **World Business Council for Sustainable Development (WBCSD)** has launched a project for sustainable mobility. The goal here is to make traffic in Hamburg cleaner, safer, and better networked. To this end, a task force led by Daimler will analyze the current traffic situation in terms of environmental compatibility, efficiency, and quality of life and then draw up an appropriate roadmap.

www.wbcd.org

€250,000

is how much a **Daimler donation drive collected for Syrian refugees**. Employees contributed around €120,000 and the company doubled that amount to €250,000. The funds were used to purchase tents, blankets, clothing, and medicine. The Wings of Help association organized a plane to transport the supplies to Erbil in northern Iraq.



Beyond the minimum requirements:

Daimler is adopting new approaches with respect to integrity and compliance.

For the last few months, Daimler employees have been running the risk of encountering some unpleasant individuals. These characters display traits that are the exact opposite of the most important principles in the Integrity Code – like fairness, the appreciation of diversity, and personal responsibility. Fortunately, they only exist in a computer game known as Monster Mission, in which players are confronted with situations from working life and have to make decisions that will ensure the sustained success of their virtual company. In the engine-testing shop, for example, a vehicle is being driven out and Paul fails to notice that the car is still connected by a cable to the test rig. The cable then snaps – it’s broken. What is Paul to do now? His co-worker on the early shift needs to have a test rig that works.

Now it’s up to the players, who can play alone or as a team, to make a decision. Should Paul admit his mistake and tell his boss? Should he instead go find a cable that works and hook it up to the test rig? Or should he simply do nothing? Providing one answer isn’t enough here, as players are then presented with counterarguments and have to weigh the pros and cons. In the ideal case, they should ultimately come up with an ethically sound and economically beneficial solution. Every time they do so, the monster gets smaller and smaller, until it eventually disappears from the company. Players then collect points and can win attractive prizes.

Developing a sense of integrity by playing

Monster Mission is an innovative continuation of the integrity dialog that has been extensively conducted at Daimler over the last few years. The company is seeking to adopt new approaches for the discussion of integrity-related topics, and gamification was intentionally chosen as one of the methods to be employed here. Experience from different business sectors shows that the

Four monsters have to be defeated in four episodes:

Non-Fair-Rator: Doesn't treat others fairly	Egoistus Corruptus: Always looking for his own advantage	Intoleranzia: Only her opinion counts	Passivaro: Never assumes responsibility and blames everything on everyone else
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use of typical game elements in a non-game context is actually helpful in motivating people to address serious issues and to achieve ambitious goals together. After the first Monster Mission episode went online in September 2014, some 33,000 employees from 47 countries went on a “monster hunt.” They even did this during working hours, something which is expressly permitted by the company. “Obviously, the game is only one way of making people more aware of integrity-related issues in the everyday work environment,” says Pia Simon from the Integrity Program Office. “The challenge we face is to reach a very diverse workforce with very different needs, which is why we’re always developing new methods.”

Daimler has made great progress with regard to integrity and compliance. For example, the Group's compliance system was completely revised and a definition was developed of what it means to act ethically together with the employees. The fact that Daimler has been very successful in its efforts was also confirmed by a monitor assigned by the U.S. government who accompanied the company between 2010 and 2013.

Exchanging information with other companies

Daimler is not resting on its laurels, however. "For us, integrity isn't a project that can be completed at a certain point in time," says Christine Hohmann-Dennhardt, the Member of the Daimler Board of Management responsible for Integrity and Legal Affairs. "We want to step up to the challenges brought about by a constantly changing environment and continually adapt and refine our understanding of the concept of integrity." This fits in well with the exemplary role Daimler plays as a participant of the UN Global Compact's LEAD Group.

Monster Mission and other innovative formats express Daimler's determination to take the dialog with its employees one step further. Daimler also wants to share its knowledge and experience in the area of integrity and compliance with others. One example of this is the Daimler Compliance Academy, which is offered to compliance officers at other companies. The focus here is on an interactive discussion of current compliance trends and the transfer of practical knowledge using fictitious case studies. The first seminar was held in April 2014 and the response to it was very positive.

»Effective data protection is a key factor for ensuring acceptance of connected and autonomous driving.«

This was the consensus during a panel discussion at the Automobile on the Data Highway symposium in September 2014 in Stuttgart.

Providing impetus in social debates

Another measure has already attracted a good deal of attention. Daimler promotes an interdisciplinary exchange on relevant social issues with various stakeholder groups and has created its own platforms for this purpose. For example, the Group staged two conferences with top-notch experts in 2014: The Sponsorship Symposium focused on what constitutes responsible sponsorship. At the Automobile on the Data Highway Symposium, the challenges associated with data protection in connected vehicles was discussed. "We as a company can provide an impetus here, and we also benefit tremendously from the constructively critical discussions with experts from different sectors," says Daimler's Chief Data Protection Officer, Joachim Rieß.

- Compliance Academy: www.daimler.com/complianceakademie
- Data Protection Symposium: qr-sr.daimler.com/0qe
- Sponsorship Symposium: qr-sr.daimler.com/0qh



What employees say*

72%

think the **game approach** is suitable for addressing serious issues

66%

had **fun playing the game**

75%

believe the situations presented in episode 1 are **realistic**

*Results of an **intranet survey** after the launch of the computer game.

33,000

employees from **47 countries** immediately went hunting for monsters **after the first episode** was launched online in English and German in September 2014. They even played during working hours, which is expressly permitted by the company.

How vulnerable is sponsorship to conflicts of interest, and what criteria should be considered when projects are chosen?

These and other questions were addressed in the Responsible Sponsorship Symposium in October 2014 at the Mercedes-Benz Museum in Stuttgart.



Networked mobility

Intelligent networks hold the key to the future of mobility. Mobility services such as moovel already show today what might happen tomorrow. Such services link existing modes of transportation with new, flexible mobility solutions. This offers customers benefits and also helps improve the traffic situation in urban areas.



Sharing rather than owning – this could be the new megatrend. For example, your parking space in front of your house is available the whole day during the week, so why not rent it out to someone? Or you only use your drill or jumper cable once every couple of months – so why not share them with someone else? More and more consumers now prefer to share things they don't need all the time rather than buy them. Thanks to the Internet and easy-to-use apps, people who are offering things to share and those who want to use them can find each other quickly. Researchers believe the new “share economy” is more than just a stylish trend. They think the nature of economic activity could change noticeably over the medium term and that this could have an effect on mobility as well.

Carsharing, for example, is becoming more popular in cities, and “multi-modal” transport is the new buzzword. In a multi-modal setup, various modes of transportation are combined in a way that gets users from point A to point B in the quickest and least expensive manner. This is made possible by apps that deliver to a smartphone or tablet all the information that's needed to make a multi-modal trip smooth and flexible – everything from long-distance bus, train, and public transport schedules to booking systems for reserving the nearest rental bike or carsharing vehicle.

Simple, flexible, and good for the environment.

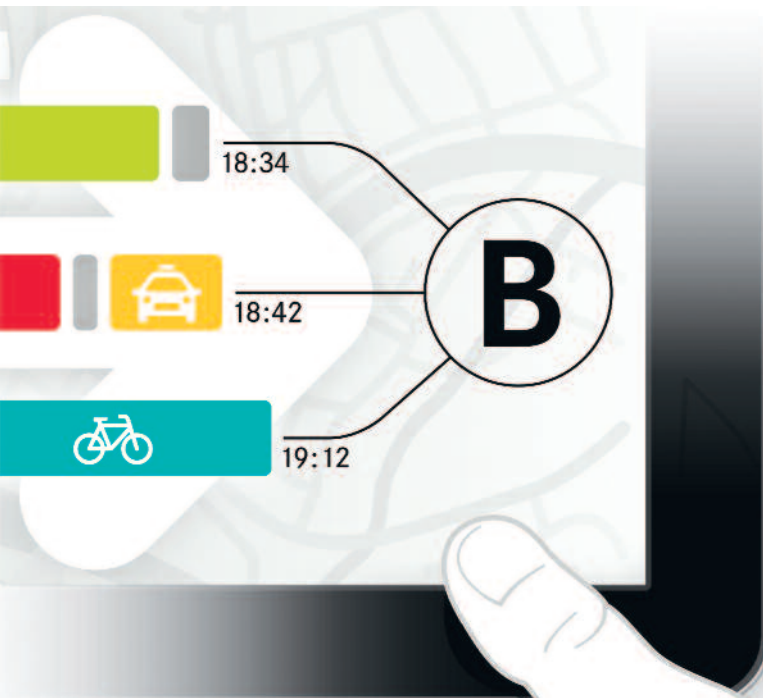
There's no doubt that new mobility services are booming. With services such as the car2go carsharing system and the moovel mobility platform, Daimler is one of the market leaders in the

sector. The automotive company's goal with moovel is to make mobility more intelligent and flexible in metropolitan areas especially. To this end, Daimler is working to further expand networks that include all types of mobility services. The idea is to make mobility options available in a way that allows each user to find the best transport sequence for his or her specific needs.

Once users register with moovel, they can access information on all available transportation options from any place and at any time – everything from local public transportation systems and ridesharing offers to airplane flights. Depending on user preferences, moovel suggests the fastest, least expensive, or most convenient route. Key modes of transportation can not only be booked via the app; they can also be paid for electronically. All of this is very easy and convenient – and it doesn't just benefit customers. That's because those who use moovel help ensure better use of existing resources and also improve the traffic situation, especially in urban areas.

What is the environmental assessment of flexible carsharing?

car2go is one of the main transportation options in the moovel system. This flexible carsharing system allows customers to use and return rental cars anywhere within a city. This very attractive concept is also considered environmentally and climate-friendly – even more so when electric vehicles are available as well, as is the case with car2go. It's therefore not surprising that with its one million customers, car2go is now the biggest carsharing company in the world.



Just missed the train?

Many of us know what it's like to be just a little late and have to watch a train leave the station right before your eyes. Fortunately, those who have a smartphone and the moovel app can obtain the complete range of alternative transport options on their displays. They will then quickly find out that the next train leaves in 25 minutes and that a rental bike is available at their destination, for example. Still, that might not be enough for them to get through the city and to their meeting on time. Their next option is car2go – a vehicle is available right next to the station. All they have to do now is to get in and drive off. Problem solved!

- | | | | |
|---|--------------------|---|-------------------------|
|  | Carsharing |  | Trains |
|  | Ridesharing |  | Public transport |
|  | Taxis |  | Rental bike |
|  | On foot | | |

moovel and more – mobility services from Daimler

Mobility services from Daimler aren't anything new. Back in the 1970s, the Group developed its Bus Rapid Transit concept. New mobility services have been repeatedly added since that time. It's not just moovel that's causing the sector to grow more dynamically than ever before. Here are two examples:



Bus Rapid Transit. Bus Rapid Transit (BRT) makes traffic flows in cities smoother and more efficient because it enables buses to operate at more frequent intervals in dedicated lanes and with separate traffic light sequences. The flexible system is also helpful when major events take place.

For example, BRT proved very valuable in seven Brazilian cities during the World Cup soccer championship in the summer of 2014. Today, BRT is already helping 170 cities around the world use their infrastructure more efficiently and improve their public transport systems. Autonomously driving buses will also be used in BRT systems in the future.



Corporate carsharing. Daimler Fleet Management is bringing carsharing to corporate vehicle fleets. The provider of fleet management and leasing services began offering corporate carsharing solutions for its fleet customers in 2014 with the goal of enabling more efficient use of company fleets. Corporate carsharing helps companies

lower fleet and mobility costs and streamline processes.

It's also part of a trend whereby young people in particular don't necessarily want to own a vehicle but do wish to remain mobile. The question is how this trend affects general mobility behavior. For example, do carsharing customers use their own vehicles or public transport more or less often than other people? Questions such as these are being addressed by researchers at the Institute for Applied Ecology and the Institute for Social-Ecological Research (ISOE), who are working together with experts from car2go in the "share" research project. Interim results from this multi-year project funded by Germany's Environment Ministry were presented in July 2014. A broad-based survey of users in Stuttgart and Cologne revealed, for example, that younger, well-educated urban residents in particular make extensive use of flexible carsharing services. From this it can be concluded that flexible carsharing programs also attract people who were previously less likely to use public transportation because they found it too complicated and insufficiently flexible. Use of the inter-modal transport options that are now available is also more likely to lead to a better environmental performance than is the case with exclusive personal transport.

The second phase of the project, which addresses longer-term trends, will examine whether this turns out to be true, as the "share" project will then release greenhouse gas data for car2go in Stuttgart and Cologne. The data will be used to determine the extent to which flexible carsharing models contribute to climate protection, as well as to identify the differences between conventional and electric vehicles in this regard. The researchers plan to release their results in 2016.

Resource efficiency: key to the future

Using valuable raw materials efficiently and dealing sparingly with scarce resources – in the future, this will require a concerted effort by companies, political decision-makers, and society.

A discussion between Franz Untersteller, Minister of the Environment in the German state of Baden-Württemberg, and Herbert Kohler, Chief Environmental Officer of Daimler AG.



Franz Untersteller: Mr. Kohler, I'm glad to see that you've granted the theme of efficiency such a prominent place in your Sustainability Report. It shows that Daimler realizes the growing significance of this issue. The government of Baden-Württemberg regards resource efficiency as a key factor for the state's success as a business location. The main aim of our business and industrial policy is to strengthen the manufacturing industry in the areas where greater sustainability could potentially be developed. The best way to do that is to deal efficiently with our energy production resources and our material resources.

Herbert Kohler: These two themes have also been on Daimler's agenda for quite some time. For example, in recent years we have continuously reduced our vehicles' fuel consumption, to the point where the average CO₂ emissions of our cars sold in Europe have decreased by 27.5 percent since 2007. And we won't slack-

»Political decision-makers, companies, and society must clearly decide which resources have to be protected and how to prioritize them.«

Herbert Kohler

en our efforts in this area in the future – as our plug-in hybrid offensive is demonstrating.

Our progress in terms of dealing sparingly with material resources may not be quite so obvious. However, there are many examples that testify to our efforts and our successes. For instance, the new C-Class is 100 kilograms lighter than its

predecessor model; more than 95 percent of the materials in a Daimler vehicle are recyclable; and about 90 percent of the residual materials in our plants are recycled. Our remanufacturing activities are certainly a highlight of our efforts in this area. And of course we're also working to enhance the recyclability of the new components for electric mobility, for example through research programs such as MoRe and LiBRi.

Untersteller: Those are undoubtedly good examples and steps in the right direction. Especially for economically strategic raw materials and technological materials, it's extremely important that we make much stronger efforts in the future to keep them within the circular flow of the economy. Not only is this necessary – there's also tremendous potential in this area, in my opinion. For many new industrial raw materials such as the rare earths, the recycling rates have generally been less than one percent so far, in contrast to the widely used industrial metals. Remanufacturing is an excellent beginning, because it lengthens the longevity of products. But we need still more smart solutions of this kind. For the low-volume material flows of important raw materials in particular, we have to think in new and comprehensive ways. In this area, our state government is promoting a project called the Dismantling Factory. The aim is to generate highly concentrated streams of residual materials that are also economically strategic raw materials so that these residues can be channeled toward economically worthwhile reuse.

»Especially for economically strategic raw materials and technological materials, it's extremely important to keep them within the circular flow of the economy.«

Franz Untersteller

But we can, and must, also greatly improve efficient processes in companies. To be sure, we have already achieved a lot here in Baden-Württemberg and raised our raw material productivity by 56 percent since 1994. That puts us considerably above the national average, but we're still quite far from the 100 percent increase we're aiming at. The requirements for the manufacturing industry in a highly developed industrial region such as Baden-Württemberg are increasingly posing two challenges. For one thing, we have to manufacture products while generating a minimum of pollutants. For another, production processes increasingly have to be carried out in urban locations. That means we have to use resource-saving technologies that close the energy and materials loops and take advantage of the synergies offered by urban infrastructure. In the Ultra-efficiency Factory research project, we're working together with business and science experts to develop the knowledge and tools we need.

Kohler: I completely agree with you. The efficient use of material resources is a long-term obligation that still needs some development work. In terms of technology, we certainly need new concepts and processes that reduce the use of material resources and make it possible to reuse raw materials in high-quality ways. But at the same time we are being confronted by a contrary development: Trends such as our customers' desire for greater comfort and the expansion of electric mobility tend to result in the more extensive use of raw materials.



Prof. Herbert Kohler is the Head of Corporate Research and Sustainability at Daimler and is also the Chief Environmental Officer of Daimler AG.



Franz Untersteller is a member of the State Parliament of Baden-Württemberg for the Green Party and has been the state's Minister of the Environment, Climate and the Energy Industry since 2011.

We are ultimately facing challenges that go far beyond the technical dimension and present us with evaluation issues. We can comprehensively assess our vehicles' fuel consumption by using key indicators such as energy requirements and CO₂ emissions. But the process is more complicated for material resources. For example, the use of one kilogram of sand has to be evaluated differently than the use of one kilogram of rare earths. This means that companies, political decision-makers, and society must clearly decide which resources have to be protected and how to prioritize them. As a company, we want to actively participate in this discussion – and we are already doing so within the framework of the Daimler Sustainability Dialogue.

Untersteller: Against this background, our state's strategy for resource efficiency, which we want to officially present at the end of 2015, aims to detach economic growth from resource consumption. This could be done easily through de-industrializing our economy, but I want to accomplish this while retaining our high proportion of manufacturing industry and our medium-scale economic structure. We are quite aware of the complexity of this issue. We have to take a close look at the possible conflicts between this target and those of other strategies so that we can ultimately set up a list of priorities. This is a task for society as a whole, and we want to address it together with the participating stakeholders.

In any case, I regard resource efficiency as a task that is shared by businesses and policy-makers. In 2013 we joined the top business associations and the Baden-Württemberg Chamber of Commerce and Industry to establish the Alliance for Greater Resource Efficiency in Baden-Württemberg and sign an agreement concerning the initiative "100 Companies for Resource Efficiency." I would be delighted if Daimler were to participate and make its experience available to others.

Kohler: We're happy to rise to this challenge. We've also got two projects in the pipeline that we can contribute to this effort. I can only agree with your statement that we have to identify possible conflicts between various targets and evaluate these targets in a dialog that involves society as a whole.

Optimal resource conservation

Recycling conserves energy and scarce resources — and saves customers money. In the form of remanufacturing, this tried and tested principle is taken beyond mere repair and refurbishing measures. Instead, refined high-tech systems are used to transform old assemblies and components into genuine spare parts that measure up in every way to new components.

A robot arm moves a torch line by line along the surface of a component. Sparks fly, and loud sizzling noises can be heard in the noise-insulated cabin. The component to which a micro-thin metal coating is being applied is the crankcase of a V6 engine block. The powerful engine was used in an Actros truck for many years before it was decommissioned and sent to the Daimler plant in Mannheim, where experts give such engines a new lease on life. The fiery high-tech process in the cabin is truly special, as Jana Kunze, the production engineer who was responsible for introducing the process to the remanufactured engine unit, explains: “Coating is nothing new, but the

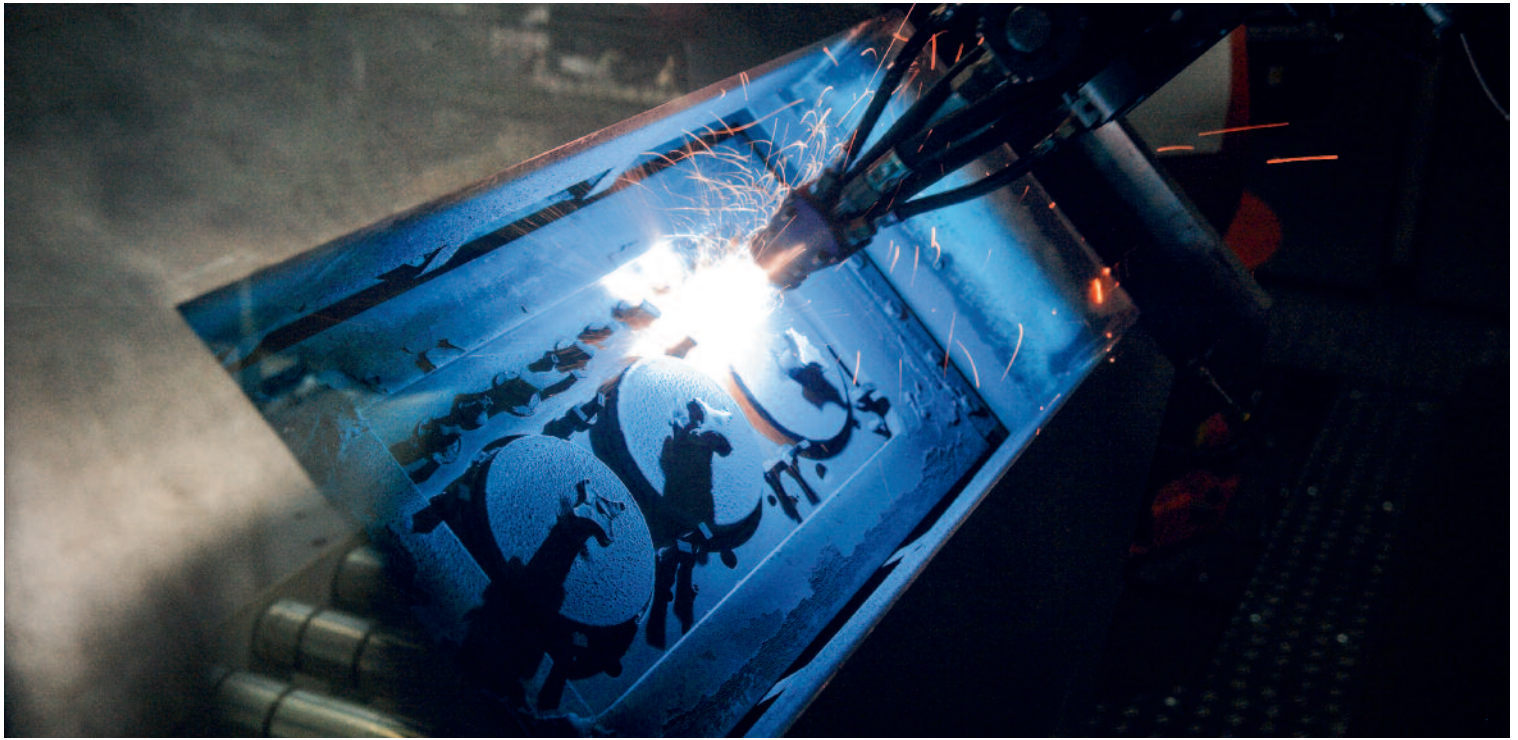
process we use here is really unique. We planned and built the entire facility and peripheral areas in cooperation with external manufacturing partners.”

The process Kunze is referring to is known as twin-wire arc spraying technology. The experts in Mannheim refined it especially for use with crankcases. The principle is quite simple: Two current-carrying metal wires are connected at their ends, and the resulting short circuit creates an electric arc that generates a temperature of around 4,000 degrees Celsius. The ends of the wires melt and the liquid metal is vaporized using compressed



Remanufactured genuine parts for a Mercedes-Benz car

- | | | | |
|--------------------------------------|---|------------------|--------------------------------|
| 1 Catalytic converter | 9 Transmission control unit | 18 Cylinder head | 24 Clutch kit |
| 2 Catalytic converter (exhaust pipe) | 10 Instrument cluster | 17 Shift valve | 25 Starter motor |
| 3 Transfer case | 11 COMAND (communication and navigation system) | 18 EGR valve | 26 Power steering pump |
| 4 AIRMATIC compressor | 12 Climate control unit | 19 Converter | 27 Water pump |
| 5 Airmatic | 13 Radio | 20 Brake caliper | 28 Diesel injection pump |
| 6 Drive shaft | 14 Steering unit | 21 Engine | 29 Air conditioning compressor |
| 7 Engine control unit | 15 Transmission | 22 Alternator | 30 Injector |
| 8 Battery charging device | | 23 Turbocharger | |



In a fiery process, a robot applies a fine metal coating line by line to a component.

air or gas and then sprayed onto the surface of the component. “We apply as many as seven coatings to the crankcase in this manner,” Kunze explains.

Although the process sounds easy, it initially presented the remanufacturing (reman) experts with several challenges. “We had to conduct various tests in order to determine which materials and process parameters should be used,” says Markus Zeller, an engineer in the remanufacturing unit in Stuttgart who is responsible for developing remanufacturing procedures for spare parts. “For example, we analyzed the spray jet with specialists from the German Army University and examined adhesive mechanisms and materials with experts from the Materials Testing Institute at the University of Stuttgart. Our goal was to identify materials that function in an optimal manner but are also cost-effective,” he says.

More economical and sustainable

Goals related to economy and sustainability were also the driving force behind the development of the new twin-wire arc spraying process back in 2009. On the one hand, Mannheim had been remanufacturing old crankcases for quite some time by milling off corroded areas. The problem was that the experts weren’t able to compensate for the resulting loss of material, as the engine block always ended up being too short after the milling process was completed. Special shorter pistons then had to be used to ensure that the engine would work properly. This not only contradicted the principles of remanufacturing, which are geared toward resource efficiency; it wasn’t very cost-effective.

What was needed was a process that would somehow offset the unavoidable material losses resulting from the milling. That was easier said than done, however. The preparation of the holding primer especially gave the remanufacturing team major headaches. The sandblasting procedure normally used was out of the question here because the possibility of impurities couldn’t be

completely excluded. “Instead, we developed a new milling technique that involves applying a fine groove profile to the crankcase surface,” Zeller explains. “The sprayed metal sticks to the grooves very well.” Once that’s done, the crankcase can be precisely dimensioned and then installed as a component of a replacement engine that measures up in every way to a new one.

Good and affordable throughout a vehicle’s entire service life

After two years of research and development, the new twin-wire arc spraying facility went into operation in 2012. It was indeed a highlight for the remanufactured engine experts in Mannheim, but also only one of many technological innovations that have helped Daimler engineers continually refine and expand reman activities at the Group. Today, the premium automaker’s remanufacturing portfolio covers four categories:

1. Major components such as engines, transmissions, and axle housings
2. Mechanical components such as turbochargers, brake parts, and steering units
3. Components for diesel injection and aftertreatment
4. Electronic systems – including everything from navigation and control units to high-voltage batteries

All in all, Daimler now offers 12,000 parts and components for cars and commercial vehicles as genuine spare parts. Remanufacturing also isn’t limited to the activities of the 350 or so specialists for replacement engines in Mannheim: From the U.S. to Brazil, South Africa, and Japan, some 2,100 Group employees are involved in remanufacturing activities around the world.

The basic steps of remanufacturing haven’t changed much since the process was first used in 1945. Used parts and components are examined, taken apart, and thoroughly cleaned. They are then studied in detail, and damaged and worn elements are removed and replaced. The subsequent reassembly process is governed by rules similar to those for the assembly of new parts.



Jana Kunze, 30, is a production engineer at the Daimler plant in Mannheim. After studying systems engineering, she joined Daimler as a trainee in 2010. She's been working in the remanufacturing unit for four years and likes the fact that she's able to learn things about an engine's history by examining its signs of wear and tear.



Markus Zeller, 32, is a mechanical engineer for production and materials technology. He has been working for Daimler since 2009. He wrote a doctoral dissertation on twin-wire arc spraying, and his work has focused on remanufacturing processes for spare parts ever since he obtained his Ph.D. in 2014. He especially likes the fact that he gets to work on a wide variety of vehicles – from smart cars to trucks.

Quality checks and tests on series-production test rigs ensure that the finished spare parts meet the same strict requirements that apply to new components.

All of this guarantees the type of high quality that only a manufacturer with knowledge of the original component production process can offer. Nevertheless, the replacement parts are still less expensive than new ones. It's therefore not surprising that more and more customers are requesting remanufactured parts. Interest is especially great among drivers of older vehicles. Thanks to remanufacturing, they can be sure that even after four or eight or more years, new replacement parts will be available for their vehicle and – perhaps more importantly – will be offered at an affordable price. After all, the costs for repairing older vehicles using quality spare parts can quickly exceed the book value of the car. Without remanufactured parts, some used vehicles would undoubtedly have a lower resale value because the latter heavily depends on how much it will cost to repair the vehicle later on.

Greater efficiency, lower resource consumption

Customers benefit in many ways from remanufacturing, which also happens to be environmentally friendly. For example, the reprocessing of used parts requires less energy, consumes fewer raw materials, and results in lower CO₂ emissions than the production of new parts. Daimler saves as much as 13,500 tons of raw materials and up to 54,000 megawatt-hours of energy in this manner every year.

The environmental benefit is considerable, as evidenced by the life cycle assessment for an engine and a transmission. If one considers the factors of greenhouse-gas potential, consumption of fossil-based resources, acidification, overfertilization, and the formation of photochemical oxidants, it turns out that the remanufacturing of an OM 906 truck engine has a 40 percent lower negative impact on the environment than the production of a new one. The difference with a G 281 truck transmission is even more dramatic, as the environmental impact of a remanufactured transmission is 70 percent lower than that of a new transmission.

Remanufacturable from the beginning

There are thus plenty of good reasons to expand remanufacturing activities. However, the best reason is that valuable resources are becoming increasingly scarce. If bottlenecks are to be avoided, scarce resources will have to be used economically. Daimler therefore also plans to employ remanufacturing processes such as twin-wire arc spray coating with components that previously couldn't be rebuilt. "For example, right now we're working on a twin-wire arc process for coating cylinder linings that works in a manner similar to the one used with new car engines and Formula 1 engines as well," says Zeller. "The first basic tests have already been successful."

There are both technical and financial reasons why some components can't be remanufactured. Often both factors play a role – for example, if it takes a lot of time and effort to disassemble and repair a part. One solution here is to incorporate remanufacturing requirements into the development process for new components. This is known as remanufacturability. The idea is to design vehicle components in a way that allows them to be easily remanufactured later on.

Solutions for replacement batteries

Remanufacturability plays a particularly important role in new hybrid and electric vehicles. The high-voltage (HV) components used in such vehicles are of extremely high quality and therefore very expensive. Manufacturing them in a resource-efficient way and making them affordable for customers is therefore a remanufacturing issue as well. HV-system engineers therefore work closely with reman experts in the early stages of the development process. As a result, remanufacturing requirements are taken into account in the series development specifications and in negotiations with suppliers.

Some 20 components for Daimler hybrid and electric vehicles are already available as remanufactured parts today. The remanufacturing specialists are also working full steam on the development of new processes and the expansion of their portfolio. Daimler is one of the pioneers of battery remanufacturing, for example. Engineers in Stuttgart and Mannheim have developed a process that makes it possible to remove a single damaged battery cell instead of having to take out an entire cell cluster, or even the complete battery. This process is unique in the industry. The engineers are now looking at ways to design remanufacturable power electronics systems.

Back in Mannheim, the twin-wire arc spraying robot in the reman engine facility has now applied the seventh and final coating. The crankcase will now be sent on to the finishing line, where every tenth of a millimeter counts. "We are subject to exactly the same stipulations that apply to new parts," says Kunze. "If we can't meet the requirements, we have to figure out a new remanufacturing method, as we did with the crankcases. For us, throwing away and melting down a part is the worst-case solution; the ideal is always to remanufacture."

 [Mercedes-Benz genuine reman parts: qr-sr.daimler.com/Oqi](https://qr-sr.daimler.com/Oqi)

 [Mercedes-Benz used parts center: www.mbgtc.de](http://www.mbgtc.de)

(both links are in German)

From the heart

Daimler employees support charitable projects and initiatives around the world by donating money – and often by getting involved themselves. The company fosters this commitment as a sign of social responsibility.



A small contribution that has a big effect: ProCent financed a fence for a children's aid project near Cape Town, South Africa. The playground at the site was built by volunteers from Germany.

“ I know why I do this when I look at the children, the progress they make, and the joy on their faces,” says Bastian Kircheisen, an employee at Daimler Trucks who has been working for several years as a volunteer for the Vulamasango children's aid organization in South Africa. Vulamasango operates a kindergarten and an after-school center on the edge of the townships around Cape Town and is also now building an orphanage at the expansive site it occupies. A total of 120 children without parents or a home will be housed here in a family-like community in the future. Daimler employees from Germany are part of the reason why such a safe home will now be available to these children in an environment otherwise marked by violence, drug abuse, and HIV/AIDS.

»I know why I do this when I look at the children, the progress they make, and the joy on their faces.«

Bastian Kircheisen

Indeed, some 100,000 German employees – the clear majority – participate in the **ProCent** initiative, which is based on an idea originally developed by the General Works Council: Employees voluntarily donate the cent portions of their monthly net salaries, and the company then matches that amount. The proceeds are used to fund charitable projects in Germany and abroad, all of which are recommended by Daimler employees themselves.

They often recommend causes or projects that they've been involved with for many years. Such is the case with Bastian Kircheisen. “I happened to learn about the children's aid project by coincidence a few years ago and I was immediately thrilled by what they were doing,” he recalls. “Since then, I've been helping the organization wherever I can, and I'm now also on the committee of its support association in Germany.” When Kircheisen found out that the orphanage under construction urgently needed a fence to keep criminals out, he submitted a ProCent request. “We then received approval for the entire cost of €57,000,” he says, which allowed a fence for protecting the children and teenagers to be built without delay.

Employees decide how the money is spent

Vulamasango has received the single highest amount of funding from ProCent to date. “Since the start of the initiative, we have provided around €2.75 million in funding to 479 charitable projects,” says Elisabeth Viebig, Head of Community Commitment, Volunteering & Memberships. Such projects include an eat-in kitchen at a hospice in Berlin and an initiative in Stuttgart that distributes free sleeping bags to the homeless. Environmental and nature conservation programs, such as renaturation projects, also receive support.

“The key requirement is that a project has to be recommended by a Daimler employee, which means our people decide how the money is spent,” Viebig explains. ProCent coordinators from the General Works Council serve as contact partners, and there are

€2.75

million has been distributed to 479 charitable projects worldwide since the launch of ProCent in December 2011.

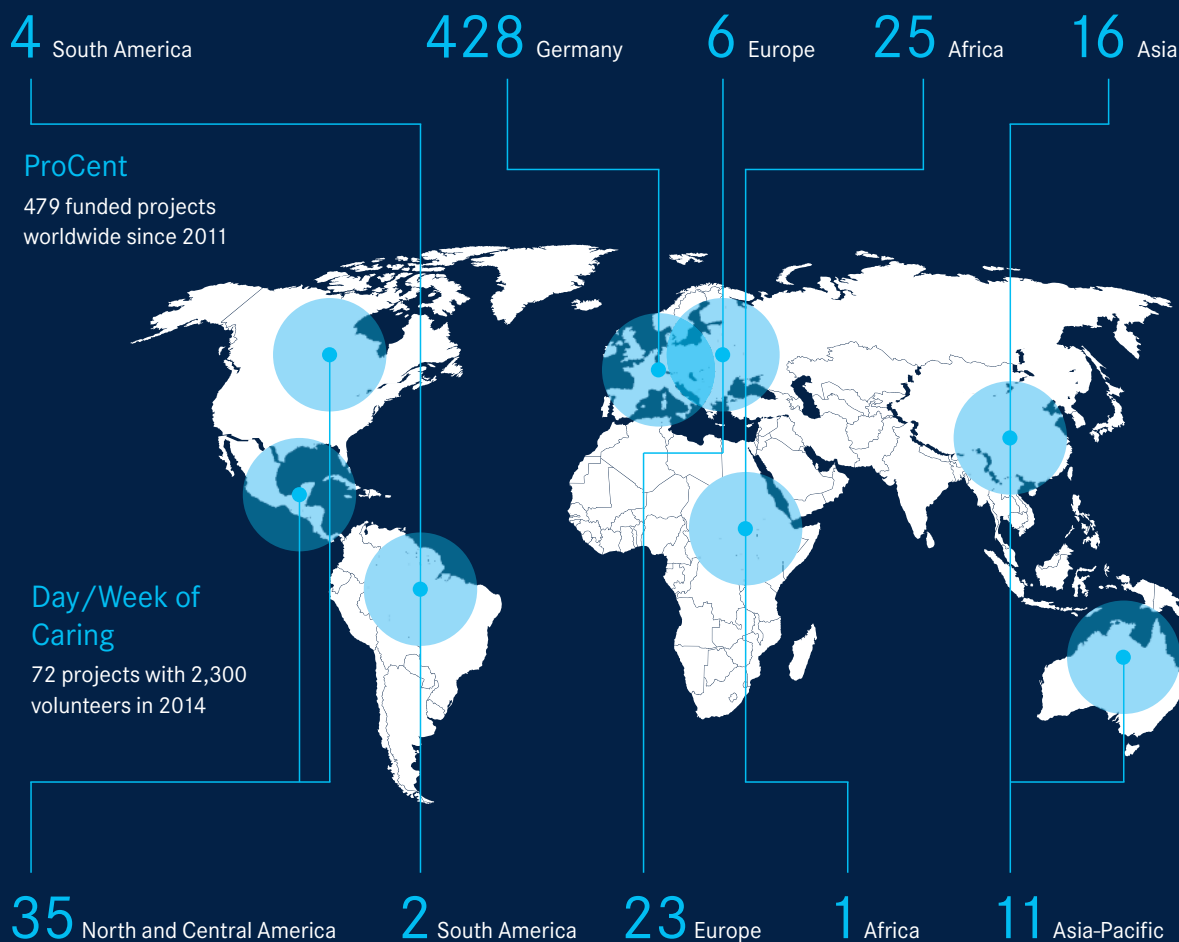
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projects received approximately €1 million in funding from the ProCent initiative in 2014.

100,000

Daimler employees in Germany donate the cent amounts of their net monthly salaries to ProCent.

Effective commitment



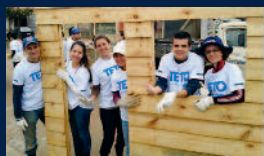
Day/Week of Caring 2014 – a selection of projects



U.S. During the Week of Caring, 200 employees built a playground for underprivileged children.



Mexico: A total of 180 employees renovated schools, community centers, and playgrounds in poor neighborhoods in Mexico City.



Brazil: After the World Cup ended, 30 DFS employees built housing for people who live in extreme poverty.



Japan: Employees from DFS and their colleagues from other business units performed cleanup work in the area around Mount Fuji.



Germany: In Stuttgart, 110 employees marked steps in a home for the blind, and also put up notices and signs written in Braille.



»Our employees' cent contributions and project recommendations impressively demonstrate their social commitment.«

Wilfried Porth

also panels at Group locations and headquarters that are made up of equal numbers of members of the Works Council, the management representative committee, and the corporate management team. The panels make the final decision on the projects to be selected and the amount of funding.

ProCent thus stands as a symbol of Daimler's commitment to firmly establishing the principle of social responsibility among its workforce. "Our people themselves have a good sense of what needs to be done to improve the environment and society, and many of them do volunteer work in their free time," says Viebig. "Initiatives such as ProCent enable them to contribute their ideas and help shape our company's activities in this area." That's why social projects that include volunteers from Daimler are also a firm component of human resources development measures in the Group-wide CAREer entry-level program for young talents, in team development programs, and within the dual education system. For example, in 2014, 23 trainees helped out with the renaturation of a marsh in the village of Hinterzarten in Germany's Black Forest region – and learned about both nature conservation and the power of cooperation in the process.

»Our ProCent fund is a symbol of the social responsibility assumed by the company and its employees.«

Michael Brecht, Chairman of the General Works Council at Daimler AG

Practical assistance worldwide

Corporate volunteering projects for which Daimler gives its employees time off have a long tradition at the company. Daimler Financial Services (DFS) provides a good example here, as the division has been staging a company-wide **Day of Caring for almost ten years now**. In 2014 alone, a total of 2,300 DFS employees in more than 30 countries rolled up their sleeves to work together on charitable local projects. During the Week of Caring in the U.S., Canada, and Mexico, 1,100 employees spent a whole week working on major charitable projects at more than 30 different institutions. There are also many other opportunities for employees to help out. For example, employees in the U.S. can take part in an Individual Volunteer Day to assist in a project that is of special importance to them personally.

It goes without saying that top managers at DFS get involved in such activities as well. As Daimler Financial Services Chairman Klaus Entenmann points out, "Social responsibility and commitment is a firm component of our corporate culture. It allows us to give back to our communities and offers our employees a different perspective on things. The joint effort they make fosters a unique team spirit that binds everyone at our company to one another."

Surprise packages for Christmas

Daimler employees also like to help people out at Christmas. Under the motto "**Give a Smile**," staff members in Stuttgart have been putting together Christmas packages for children and teenagers from underprivileged families since 2013. In 2014, the initiative was expanded to four other Daimler locations in Germany and to 17 Daimler Financial Services subsidiaries in Europe. The campaign was actually originally started at Daimler Financial Services in Germany in 2005. Employees are allowed to put together as many packages as they want, and Daimler provides the boxes. The suggested limit is €25 worth of gifts per package; volunteers can create address labels on the intranet and check off whether the packages are for boys or girls, and of what ages. The intranet site also offers suggestions for gifts. The packages are delivered to the children and teenagers by experienced partners, including the Schwäbische Tafeln food bank, SOS Children's Villages, and Germany's Protestant Social Welfare Organization (Diakonie).

Training supervisor Karl Migl is a big fan of "Give a Smile." He promoted the campaign to 22 industrial mechanic trainees in their first year of training at the Brühl plant. They all quickly agreed that they wanted to participate. Some teamed up to finance a package and even gave their parents and friends boxes to fill with gifts. Migl's goal of surpassing the 85 packages from the previous year was quickly achieved: "Soon we had more than 100." In the end, it turned out to be 130. Katja Weichelt, a 20-year-old trainee who participated in the campaign, tried to imagine what a mother without much money might not be able to give her son or daughter for Christmas. "That's why I decided to get one big thing rather than a lot of smaller items," she explains. In the end, she decided to purchase a learning laptop.

It was an honor for the trainees to also take the packages put together by other employees in Brühl and load them on to the "Give a Smile" truck. Two trucks – a Fuso Canter and a Mercedes-Benz Atego – were used in 2014 to pick up Christmas packages during the first two weeks of December from Daimler locations near Stuttgart, and a total of 8,500 packages were officially handed over to Schwäbische Tafeln on December 16. Taken together, all Daimler locations in Germany and other parts of Europe filled more than 13,000 boxes with Christmas presents in 2014.

[The latest news on employee volunteer work: qr-sr.daimler.com/0qk](http://qr-sr.daimler.com/0qk)

[Social responsibility at Daimler: pp. 66 ff.](#)

[Bastian Kircheisen at the Daimler Blog site: qr-sr.daimler.com/0qj \(in German\)](http://qr-sr.daimler.com/0qj)

[Trainees help out with a marsh project: qr-sr.daimler.com/0qn](http://qr-sr.daimler.com/0qn)

["Give a Smile" – the movie: qr-sr.daimler.com/0qo \(in German\)](http://qr-sr.daimler.com/0qo)

Highlights 2014.

129 grams of CO₂

That's how much the total fleet of newly registered vehicles from Mercedes-Benz Cars in Europe emitted on average per kilometer in 2014. Emissions have therefore **dropped by 19 percent over the last five years.**

[p. 51](#)

Ahead of its time.

Most of the cars from Mercedes-Benz already meet stringent future emission limits. In mid-2014, all of the brand's diesel vehicles and 50 of its 69 Euro 6-compliant gasoline-powered and direct-injection models **already met the tougher limit of 6 x 10¹¹ particulates**, which won't go into effect until 2017.

[pp. 52 f.](#)

A good 14 percent

of the executives in middle and upper management at Daimler AG were women in 2014. For the Group as a whole, Daimler wants to increase the proportion of women in executive positions to **20 percent by 2020.**

[p. 62](#)

Almost 40,000

employees completed a comprehensive online training course on topics related to integrity, compliance, and legal issues in 2014. The course is only one of a series of measures that Daimler is using to strengthen and enhance the **culture of integrity at the company** in cooperation with the employees.

[p. 42](#)

Almost € 60

million the company has spent in total in donations to **charitable institutions** and the sponsorship of **socially beneficial projects** in 2014.

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Facts and figures.

Materiality analysis

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Strategy and management

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Ethical responsibility

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Product responsibility

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Corporate environmental protection

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Employees

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Suppliers

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Social responsibility

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Our Sustainability Program 2020

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Report profile

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Guidance system

-  Reference to online information
-  Reference to a page within this report or to a page of the Daimler Annual Report 2014
-  GRI Materiality Matters indicators

Materiality analysis.



In choosing the direction of our sustainability strategy we are guided by two aspects: on the one hand, by the question which requirements we set for ourselves in order to have sustainable success, and by our desire to know our stakeholders' expectations on us as a globally operating company, on the other. We use a multi-step materiality analysis for the identification of the fields of action that are relevant for us and our stakeholders.



In the design of this report we observe the G4 guidelines of the Global Reporting Initiative (GRI), accounting for the principles of completeness, contextualization, stakeholder inclusiveness, and materiality. Significant fields of action are important for our stakeholders as well as for our company. For our determination of the cross-section of perspectives, which do not always coincide, and to enable us to set priorities, we utilize a multi-step materiality analysis.



Identification and relevance. In order to obtain an exact picture of the expectations of the various stakeholder groups we also evaluate reader surveys on this report, customer and employee surveys, specialist unit workshops, dialogs with individual stakeholder groups, and the results of our "Daimler Sustainability Dialogue." In 2014, we additionally organized specialist events on current issues, in this case on data protection and sponsoring, in order to get critical impulses and initiate social discourse. In addition, we also take into account the analyses of our "News and Issues Management" and our "Society and Technology Research Group." The following applies to the fields of action identified in this manner:

- They affect our present and future business activities.
- We are in a position to influence them – directly or indirectly.



Prioritization through open stakeholder survey. To enable a priority ranking of the identified fields of action, we conducted the second international open stakeholder survey in 2013, for which we did not preselect the target groups in order to consider as many legitimate stakeholder interests as possible. Within a period of about one month, all interested parties could take part in the survey on our website daimler.com, and name and evaluate topics that were important to them. By the end of the survey, more than 800 responses had been received. In our assessment of results, we gave special consideration to the great significance of our primary stakeholder groups (shareholders and investors, customers, suppliers, and employees) as well as to the expertise of non-government organizations. That is why these groups are taken into account with a higher weighing factor.



Cross-section of significant topics from the company and stakeholder view. The results of the online survey were incorporated into a materiality analysis, in which they were compared with the results of a survey and discussion among the members of our company's sustainability bodies as well as the entire Board of Management of Daimler AG. The decisions made in these internal bodies were based on the discussion of topics that have material effects on our company from a social, ecological, ethical, human-rights, and economical perspective. The results of the internal and external surveys used in our materiality analysis in the last two years varied only to a minor extent. That is why we have decided to perform the materiality analysis at two-year intervals from now on. The next survey will therefore be conducted in 2015. The table shows the fields of action evaluated in the last survey in 2013 – organized thematically in line with the responsibility dimensions of our sustainability strategy and presented in decreasing order of stakeholder priorities. The importance of the majority of action fields for our stakeholders and for our company is high or very high.



From analysis to actual practice. The results of the materiality analysis show us the areas that must be given special attention in our activities. Thus for example, in the reporting year we intensified our efforts for reducing the CO₂ emissions of our vehicles, and further advanced our approach for the observance of human rights. We are also working intensively on ways of further improving the satisfaction of our customers by examining the different customer requirements worldwide in even greater detail. For reviewing and improving our activity as an employer we use the feedback instrument of our worldwide employee survey.



The materiality analysis also provides us with guidance for our annual "Daimler Sustainability Dialogue." It enables us to select topics, which we discuss in depth at the events with sustainability experts and other stakeholders.



- [More on the stakeholder dialog: pp. 40 f.](#)
- [GRI Materiality Matters indicators](#)



02

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G4-21

Materiality analysis 2013/2014

Significant action fields for sustainability management

Evaluation 2013/2014 (2012)
from 0 (= immaterial) to 100 (= very material)

Page

Product responsibility

Stakeholders* Company**

Customer satisfaction	87 (91)	100 (100)	54
Innovative vehicle and powertrain technologies	86 (91)	92 (88)	47 ff.
Vehicle safety	86 (86)	92 (92)	54
Fuel consumption and CO ₂ emissions	85 (92)	98 (92)	51 f.
Conservation of resources (product)	84 (84)	83 (80)	48 f., 53
Pollutant emissions (product)	82 (84)	86 (78)	52 f.
Environmental product development	82 (82)	81 (81)	47 ff.
Mobility concepts and services	75 (74)	79 (75)	53
Noise emissions (product)	72 (84)	80 (78)	53

Production responsibility

Energy efficiency and CO ₂ -free production	83 (86)	83 (83)	56 ff.
Water protection	82 (85)	81 (75)	59
Disposal and resource management	82 (87)	80 (80)	58
Air purification (production)	80 (84)	75 (78)	58
Conservation of nature, soil, biodiversity	79 (76)	75 (64)	59
Logistics and employee transportation	75 (76)	75 (75)	59

Employee responsibility

Employer attractiveness	88 (84)	93 (93)	60
Training and continuing education	84 (87)	92 (92)	62 f.
Occupational health and safety	83 (85)	88 (88)	63
Generation management	79 (77)	81 (81)	62
Co-determination	78 (76)	80 (80)	60
Diversity management	70 (69)	82 (73)	61 f.

Ethical responsibility

Human rights	90 (90)	92 (88)	39, 41, 43 f., 64, 71
Data protection	87 (-)	92 (-)	21, 46
Compliance	86 (87)	92 (92)	41, 44 f., 64, 71, Online 202
Integrity	82 (87)	96 (92)	20, 21, 32, 42 f., 70

Management responsibility

Sustainability strategy and organization	84 (88)	84 (84)	37 ff.
Transparency in the reporting	78 (77)	83 (78)	43, 78 f.
Inclusion of our stakeholders	73 (76)	80 (77)	34, 36 f., 40 f., 64, Online 106
Involvement in the political process	70 (71)	75 (80)	41, 66

Responsible business partners

Business partner integrity management	85 (85)	85 (88)	64
Compliance with standards in the supply chain	84 (87)	85 (85)	64

Social responsibility

Support of social sustainability initiatives	74 (71)	73 (73)	67 f.
Regional commitment at our locations	68 (76)	83 (83)	67 f.
Cross-regional commitment for social issues	68 (60)	70 (64)	68
Support of voluntary employee commitment	67 (62)	70 (61)	68 f.
Commitment through own foundation efforts	65 (64)	66 (61)	66
Company-initiated projects	57 (60)	64 (64)	67 ff.

* The evaluation of issues of particular relevance for the stakeholder dimension reflects the results of the open stakeholder survey.

** The evaluation of sustainability topics of particular relevance for the company dimension reflects the evaluation by Daimler (Board of Management, Sustainability Board, Sustainability Office).

Strategy and management.

Sustainability is a basic principle of our corporate strategy and a benchmark for our business success. To enable us to deal systematically with the fields of action that are also considered important from the view of our stakeholders, we are continuously developing our sustainability strategy, aimed at the implementation of our medium- to long-term “Sustainability Program 2020”.

Our understanding of sustainability

In our mission statement we have formulated what sustainability means to us and how we wish to achieve the associated objectives in our daily working lives and in our business activity:

03

Our understanding of sustainability

1	At Daimler, we define sustainability as responsible corporate behavior that leads to long-term business success and is in harmony with society and the environment.
2	We are moving toward our goals by making sustainability a firmly integrated aspect of our operations and by requiring and promoting a strong sense of responsibility for sustainable operations among all of our managers and employees throughout the Group. We include our business partners in this process and participate in continuous dialogue on these issues with our stakeholders.
3	Our management structures, processes, and systems are also designed in accordance with this concept of sustainability. All of our behavior is based on legality and integrity. As one of the world's foremost automakers, Daimler strives to achieve a clear leading position in the area of sustainability.

- We are committed to legal and ethical standards and must ensure that they are observed – worldwide as well as by our business partners and suppliers.
- Road traffic contributes to the generation of CO₂ and pollutant emissions. As an automotive manufacturer we strive to create sustainable mobility solutions and demonstrate our power of innovation in the areas of environmental protection, conservation of resources, and safety.
- Our operational processes, particularly in vehicle production, are associated with environmental effects, which we keep as low as possible through a system of consistent environmental management.
- As an employer, we bear responsibility for ensuring fair and attractive working conditions for almost 280,000 employees worldwide.
- As a good corporate citizen, we want to contribute to the common good beyond the scope of our business operations and in doing so make use of our special competencies.

To adequately meet these requirements and address our self-designated sustainability objectives on a systematic basis, we have developed a Group-wide sustainability strategy, which is integrated into our corporate strategy based on the fundamental corporate values of passion, discipline, respect, and integrity. Sustainability is anchored in this target system as a basic principle at the implementation level. That means: We can achieve sustainable profitability and social acceptance with a license to operate in our business activity only if we consider the environmental and social effects of all business processes, and tie our economic objectives to ecological and social requirements.

 [Daimler's target system: Online 101](#)

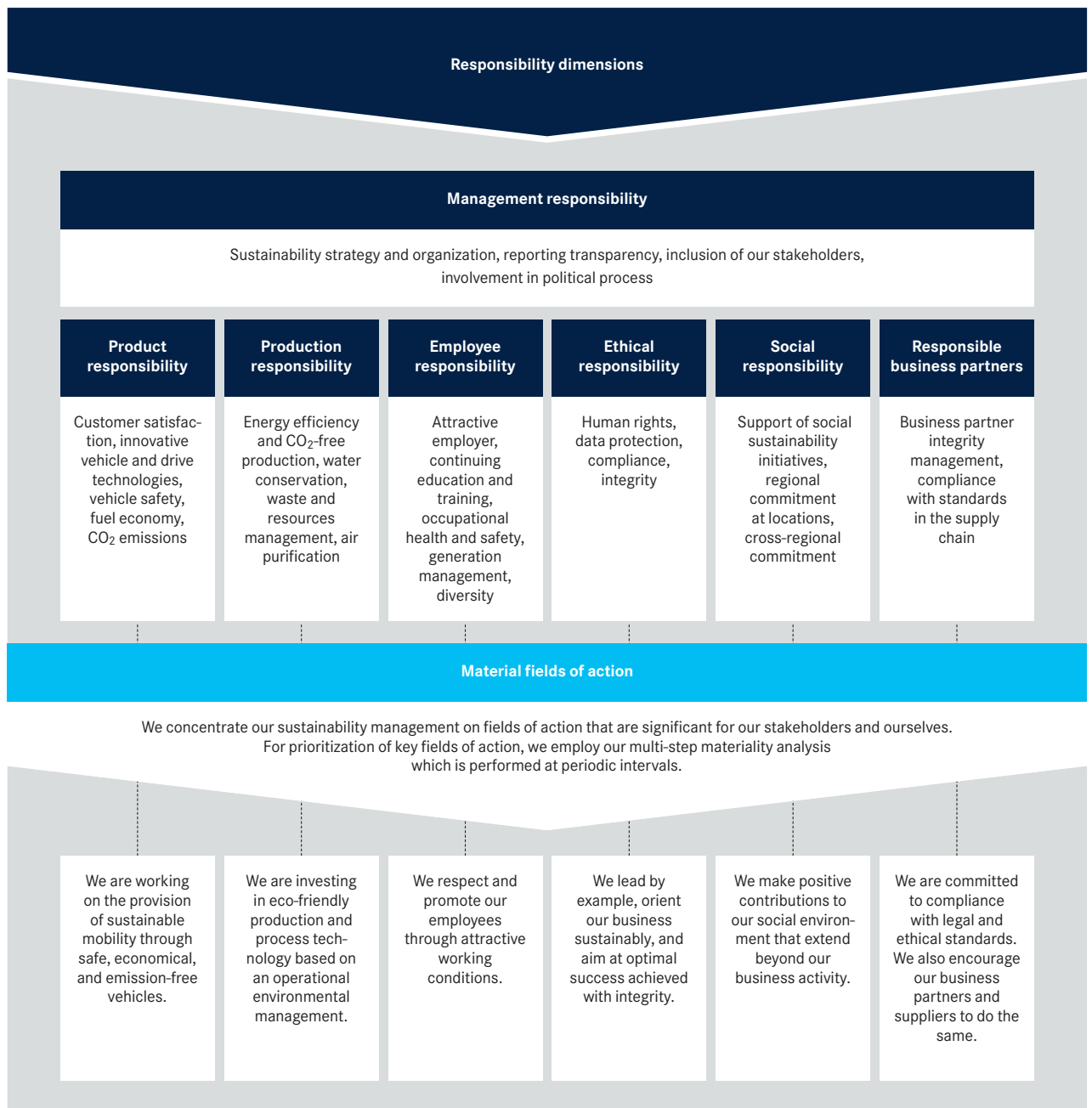
Strategic approach

As a globally operating automotive manufacturer, we deal with industry specific challenges in the implementation of our sustainability objectives, which arise from the social and ecological effects of our business activity as well as from the framework conditions under which we operate. Our approach to these challenges gives rise to opportunities for sustainable business success. At the same time, we are called upon to identify and address risks at an early stage:

Our sustainability strategy has six main activity areas (“responsibility dimensions”) to which relevant fields of action are assigned. We have linked these with targets and target indicators. All targets taken together constitute our medium- to long-term “Sustainability Program 2020.” The program provides us with a yardstick to measure ourselves and be measured by the public. A key task of the cross-disciplinary dimension of management responsibility is the systematic management of the strategic program and the verifiable implementation of its objectives.

04

Responsibility dimensions and key fields of action of Daimler's Sustainability Strategy governance at Daimler

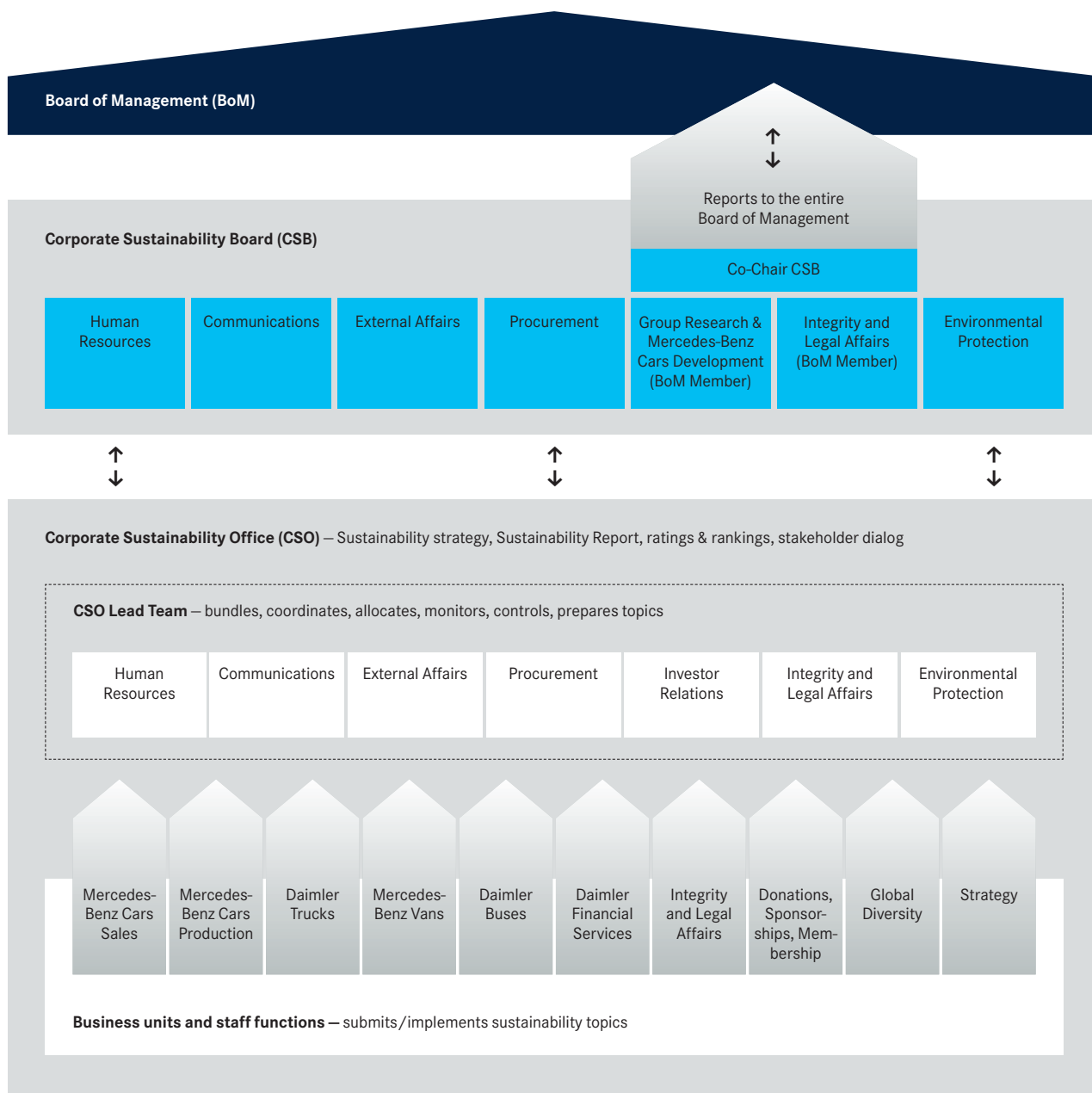


In the identification of particularly relevant fields of action, we take into consideration the views of our company and standpoints of our stakeholders, which include employees, customers, shareholders, and suppliers, as well as environmental and human rights organizations and many other stakeholder groups. We prioritize the fields of action at regular intervals with the help of a multi-step materiality analysis. In this respect, as well as in the associated process of updating and possibly correcting our sustainability strategy, continuous dialog with our stakeholders plays an important role.

- 🔗 [Materiality matrix: pp. 34 f.](#)
- 🔗 [Stakeholder dialog: pp. 40 f.](#)

Sustainable management

Sustainability management is a continuous improvement process, which is used for the systematic steering of our sustainability program and the verifiable implementation of its objectives. We have coordinated our management and organization structures to this end, and have created clear lines of responsibility in all business divisions. Our sustainability objectives are anchored in our management and leadership system, and are documented in the target agreements between employees and managers.



Our central management committee for sustainability is the Corporate Sustainability Board (CSB), headed by Dr. Christine Hohmann-Dennhardt (member of the Board of Management for Integrity and Legal Affairs) and Prof. Dr. Thomas Weber (member of the Board of Management for Group Research & Mercedes-Benz Cars Development). The CSB is managed by Prof. Dr. Herbert Kohler (Head of Group Research and Sustainability and Chief Environmental Officer). The operational work is done by the Corporate Sustainability Office (CSO) comprised of representatives from the specialist units and the business divisions.

In our sustainability strategy, we attach special importance to the broad-based anchoring of a culture of integrity throughout the Group. Our standards and guidelines of good conduct are formulated in our Integrity Code, which is supplemented by other in-

house principles and policies that help our employees in making the right decisions in the highly complex day-to-day business. The Enterprise Regulations Database (ERD) contains all internal policies of the Group and works agreements, and is accessible to all employees. The ERD is available in ten languages and the policies are published in up to 23 languages.

The basic guidance for our business activity is provided by the ten principles of the UN Global Compact, with which we have a special affiliation as a founding and LEAD participant. Our internal principles and guidelines are founded on this international frame of reference and other international principles.

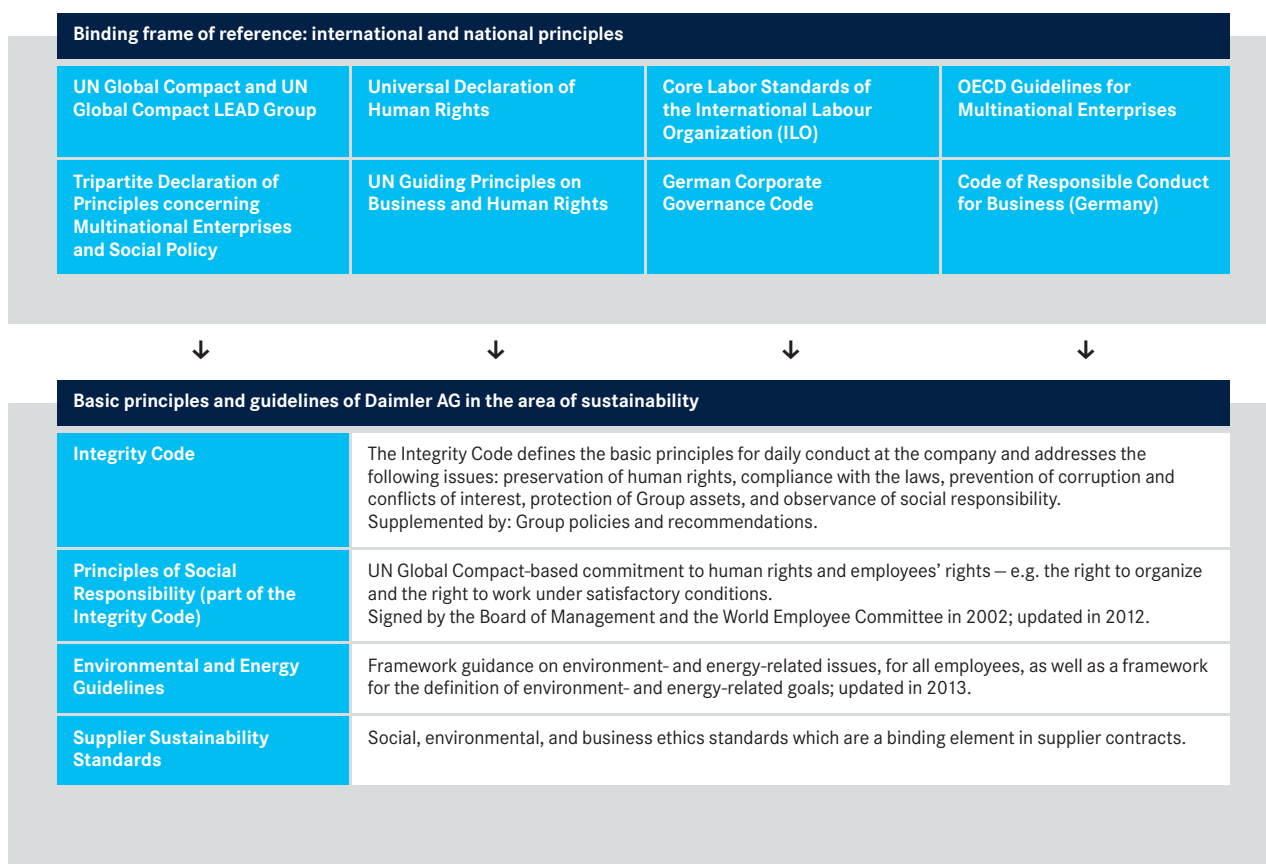
[🌐 House of Policies – Policies in the Daimler Group: Online 102](#)

[👁️ Culture of integrity: p. 42](#)

[👁️ Declaration Global Compact Lead Participant: pp. 82 f.](#)

06

Basic principles and guidelines for our sustainability management



 [The principles and guidelines – text: Online 103](#)

Since 2011, we have been utilizing a sustainability scorecard as an instrument for controlling the key sustainability targets. This signals needs for action and successes based on quantitative indicators and qualitative targets via a traffic-light system and thus enables us to take targeted measures with the direct involvement of corporate management.

Governance structures. As a corporation founded under German law, the Daimler Group has a dual management structure comprised of a Board of Management and a Supervisory Board, both of which work closely together in the best interests of the company in line with the recommendations of the German Corporate Governance Code. The requirement for sustainable corporate management is also firmly established at this top management level – through the personal target agreements of the members of the Board of Management, which have been supplemented with annually updated non-financial indicators in the area of integrity and the UN Global Compact since the 2011 financial year.

Our staffing of management bodies and positions is carried out in consideration of diversity, for example on the topic of women representation. This applies to the Board of Management as well as to the Supervisory Board. With three women on the shareholders' side and two women on the side of the employee representatives, Daimler has almost achieved the 30-percent quota for

women in Supervisory Boards of fully co-determined and listed companies required by the great coalition. Since February 2011, the Board of Management Division for Integrity and Legal Affairs at Daimler AG is headed by a woman. The current share of women in the Board of Management is 12.5 percent due to the enlargement of the Board of Management from seven to eight members as of January 1, 2015. Moreover, we have set ourselves a target of 20 percent women in senior executives positions by the year 2020. The share of women has grown continuously in recent years and was at a good 14 percent at the end of 2014. For the year 2015, we have set a target of one percent additional growth.

- [Remuneration report and report of the Supervisory Board: AR 2014, pp. 46 ff., 118 ff., 183 ff.](#)
- [Composition of the Board of Management and Supervisory Board and on the prevention of conflicts of interest in the Corporate Governance Report: AR 2014, p. 183](#)
- [Promotion of women in management positions: pp. 20 f.](#)

Independent rating agencies and research institutes have evaluated and critically assessed our sustainability performance in 2014 again. Today there are many different ratings and ranking of various quality and significance. The Corporate Sustainability Board (CSB) has therefore decided that our company will only supply data for the ratings and rankings whose assessment methodology, quality, and transparency can be subjected to a verifiable analysis.

In line with these requirements, the performance of Daimler AG in the CDP (formerly Carbon Disclosure Project) is particularly noteworthy. Here, Daimler was singled out as sector leader in the automotive industry. The company received the award for outstanding commitment and exemplary transparency in dealing with climate change, and scored the maximum number of 100 points in the Climate Disclosure Leadership Index (CDLI). In addition, Daimler received an "A" performance rating for its initiated measures, already achieved progress, and planned strategies for reduc-

tion of CO₂ emissions: the top score. The CDP, which is supported by more than 750 "signatory investors," is considered the most important authority for sustainability evaluation in the world today.

In 2013, the UN Global Compact introduced the "GC 100" stock index in collaboration with the research provider Sustainalytics. This index represents the performance of 100 particularly sustainable and responsibility-conscious companies, of which Daimler AG is a member.

In addition, we are included in the "Euronext Vigeo – Europe 120," an index comprised of the 120 leading companies in the area of entrepreneurial responsibility in Europe.

We will continue to intensify our sustainability activities in order to improve our position in the relevant key ratings.

Stakeholder dialog

Our business activities affect the interests of many people in different countries and regions. We therefore seek the dialog with all stakeholders in order to exchange experiences and address controversial topics without any restrictions. That is why the stakeholder dialog is a key element of the cross-divisional management responsibilities in our sustainability strategy. The honor of being cited as a cross-industry best practice example in the 2013 Corporate Responsibility Index of the Bertelsmann Foundation shows us that we are on the right track, which we will continue to pursue rigorously.

Organization and responsibility. For our stakeholder relationships we have defined clear lines of responsibility, communication channels, and forms of dialog dependent on the topic and case. In addition to institutionalized dialog management, for example in Investor Relations, Procurement or Corporate Communications, the Sustainability Board and the Sustainability Office coordinate the social dialog and the central events for the topic-based dialog.

Targeted selection process of stakeholder groups. For us, stakeholders are all parties and organizations which impose legal, financial, operational or ethical requirements on Daimler AG. One criterion for the identification and weighting is the extent to which a person or group is influenced by our company's decisions and can in turn influence these decisions. The most important stakeholders are our employees, customers, shareholders, and investors, as well as our suppliers. However, civil groups such as NGOs also have legitimate interests and frequently possess special expertise, which we utilize and optimally include in a structured manner. The same applies to analysts, professional associations, trade unions, media, science, and politics as well as municipalities, residents, and neighbors of our locations.

Forms of dialog. To ensure the inclusion of our stakeholders, we utilize online and print media, questionnaires and surveys, expert discussions, workshops, and local and regional dialog events, among others. In addition, we collaborate in professional associations, committees, and sustainability initiatives. In the reporting year, in the framework of two interdisciplinary confer-

ences, we engaged in an intensive dialog with more than 80 experts and Daimler representatives on the topics of "Connected Driving and Data Protection" and "Responsible Sponsorship." We thus deliberately initiated social discussion and dialog in the spirit of constructive criticism about sustainability topics that are especially relevant for us and the society.

 [Data Protection Symposium: Online 104](#)

 [Sponsorship Symposium: Online 105](#)

 [Topic "Integrity and compliance": pp. 20 f.](#)

"Daimler Sustainability Dialogue." In addition, we attach great importance to the "Daimler Sustainability Dialogue," held annually in Stuttgart since 2008, which brings various stakeholder groups together with representatives of our Board of Management and the executive management. In line with our objective of promoting the establishment and observance of sustainability standards around the world, we are now organizing "Daimler Sustainability Dialogues" in other countries as well. Thus far, events have been held in China, the U.S., and Japan. Our Corporate Sustainability Board has decided to promote further internationalization in close collaboration with the respective national companies.

 ["Daimler Sustainability Dialogue" 2014 – Results and participants: Online 106](#)

Dialog at locations. We are also engaged in dialog with the stakeholders at our locations. One example is our planned Testing and Technology Center in Immendingen on the Danube, which will be built on the site of a former military base. From the very start, we sought the dialog with the people in the region, and addressed their concerns. In addition, the Daimler Forum opened in 2012, ensuring the local presence of the company in Immendingen, where the residents can learn about the status of the project.

 [Daimler Forum Immendingen: Online 107](#)

Stakeholder survey. With a view to reaching as many stakeholder groups as possible, we conduct an open international online stakeholder survey on a regular basis. The last survey conducted in 2013 was answered by more than 800 persons and organizations. All interested parties were invited to evaluate the relevance of fields of action in the area of sustainability for our company without limiting it to specific groups. Since the results of the sur-

vey remained relatively stable in 2012 and 2013, we have decided to conduct the stakeholder survey at two-year intervals from now on. Accordingly, the next survey will be conducted in 2015.

Feedback on our sustainability program. The results of our open stakeholder survey are reflected in our materiality analysis and also flow into our sustainability program along with the results of the “Daimler Sustainability Dialogue.” Here, we deliberately focus on topics that are considered to be significant by us and our stakeholders. Our aim is to translate the agreements made in this context most optimally into verifiable targets and initiatives that can be advanced during the year in cooperation with our stakeholders.



G4-26
G4-27



G4-26
G4-27

- [Overview of our various forms of dialog: Online 107](#)
- [Membership and participation in initiatives: Online 108](#)
- [Materiality analysis: pp. 34 f.](#)
- [Our Sustainability Program 2020: pp. 70 ff.](#)

Political dialog and representation of interests. Our principles for political dialog and lobbying provide the basis for responsible and ethical lobbying. These principles include neutrality in dealing with political parties and interest groups.

Social renewal processes are often associated with far-reaching political decisions that have an impact on our company’s long-term strategic focus. To help us make our planning more secure and enable us to contribute our ideas to these change processes, we speak with political decision-makers about topics such as CO₂ regulations, vehicle safety, new mobility concepts or electromobility. Other key issues include trade policy, location-specific issues, education and HR policy. We summarize our company’s positions on issues from the fields of environment, energy, transportation, and economy in an annual brochure on the occasion of the international motor shows in Germany, alternating the focus between passenger car and commercial vehicle topics. Since 2013 we have made this brochure available to a broader audience. Our positions are in accord with our declared principles, sustainability goals, and public statements of our company. Given the fact that goals can be conflicting between sustainability dimensions, different nuances are possible.

[Brochure Company Positions: Online 109](#)

The External Affairs department of Daimler AG is the coordination center for political dialog at the national and international level. This worldwide network with offices in Berlin, Brussels, Beijing, Stuttgart, and Washington, operates with a staff of around 60, and coordinates more than 30 other corporate representations in key markets. In addition, a Group-wide “Lobbyists Register” ensures that political lobbying is carried out in accordance with the applicable regulations and ethical standards. Registration also serves to meet the existing registration requirements of public institutions.

Risk provisions

The precautionary principle is realized as a guideline for risk prevention in principles and initiatives such as the UN Global Compact. For us, active risk management requires early identification, assessment, and handling of risks. To this end we have established management and control systems which are combined in a uniform Group-wide risk management system – also in keeping with the legal requirements. Our major risk categories include, among others, environmental and industry risks, finan-

cial risks, risks arising from warranties, legal risks as well as compliance and reputation risks within and outside the company.

Organization and responsibility. Our Group Risk Management Committee (GRMC) is a platform that ensures holistic risk analysis and recognition of significant and existential risks. It defines and designs the framework conditions for the Group-wide internal control and risk management system and reviews the effectiveness and functional capability of the deployed processes. The responsibility for operational risk management lies directly in the divisions, corporate functions, and legal entities. The respective responsible officers have the task of identifying and evaluating risks that are relevant for their unit, as well as for developing, implementing, and monitoring risk minimization and -reduction measures. The risks are documented and forwarded to Group Risk Management, which processes the information and makes it available to the GRMC, the Board of Management, and the Supervisory Board.

Other initiatives established in the context of risk management are our Compliance Risk Assessment, the integrity reviews of business partners, environmental risk analyses at our production locations, and the consideration of consumer protection issues in our quality management system. The proactive approach is also supported by the systematic integration of environmental protection throughout the entire life cycle of our vehicles. In addition, other risks analyzed in the sustainability context include e.g. data protection and human rights.

[Comprehensive risk report: AR 2014, p. 187](#)

[Compliance risks and collaboration with business partners: p. 45](#)

Managing local impact. Risk prevention is also important for managing the local effects of our business activities. This applies, for example, to environmental protection in the production process: Our environmental management system defines structures and processes that ensure transparent reporting and clear areas of responsibility at all levels of our production facilities around the world. More than 98 percent of our employees work at locations with environmental management systems, which are audited and certified according to ISO 14001. In addition, we regularly conduct environmental due diligence processes at our locations. Since 2011 we have also been working on a Group-wide risk management system for human rights.

[Operational environmental protection: pp. 56 ff.](#)

[Human rights: pp. 43 f.](#)

Ethical responsibility.

We are convinced that ethical business practices ensure our long-term success and benefit society. As a globally operating company we take responsibility and strive to be a leader in ethical corporate governance. That is why we anchor integrity in our corporate culture on a sustainable basis.

Culture of integrity

Integrity is one of four corporate values which form the foundation for our business activities. Accordingly, the advancement and consolidation of integrity is an essential building block of our sustainability management and an element in the target agreements for the Board of Management remuneration. With a view to advancing the culture of integrity in our company we engage in dialog with our employees through a variety of measures. Regular discussions of integrity issues are an integral part of our daily work.

The shared understanding of the values of this dialog is our Integrity Code, which is based on a mind-set developed jointly with our employees. It defines the principles for our business conduct in daily operations, such as fairness, responsibility, mutual respect, transparency, openness, and compliance with laws and rights. The Code, which is valid throughout the Group, is available in 23 languages. A guide providing answers to the most frequently asked questions offers practical support for specific situations in our day-to-day business. In addition, a team of experts is available to answer questions on the Integrity Code.

 [Integrity Code – text: Online 201](#)

Communication and training. In September 2014, we introduced the online game “Monster Mission,” which raises the awareness of our employees for the content of the Integrity Code. The game presents typical decision-making situations from the day-to-day business, and invites the players to examine specific aspects of ethical behavior. The game is accessible to all employees worldwide via the Intranet and Extranet. The Integrity Code also forms the foundation for our training program on integrity and compliance. Depending on the risk and target group, we use classroom and web-based training through which we anchor ethical and compliant behavior within the company on a sustainable basis.

 [Topic “Monster Mission”: pp. 20 f.](#)

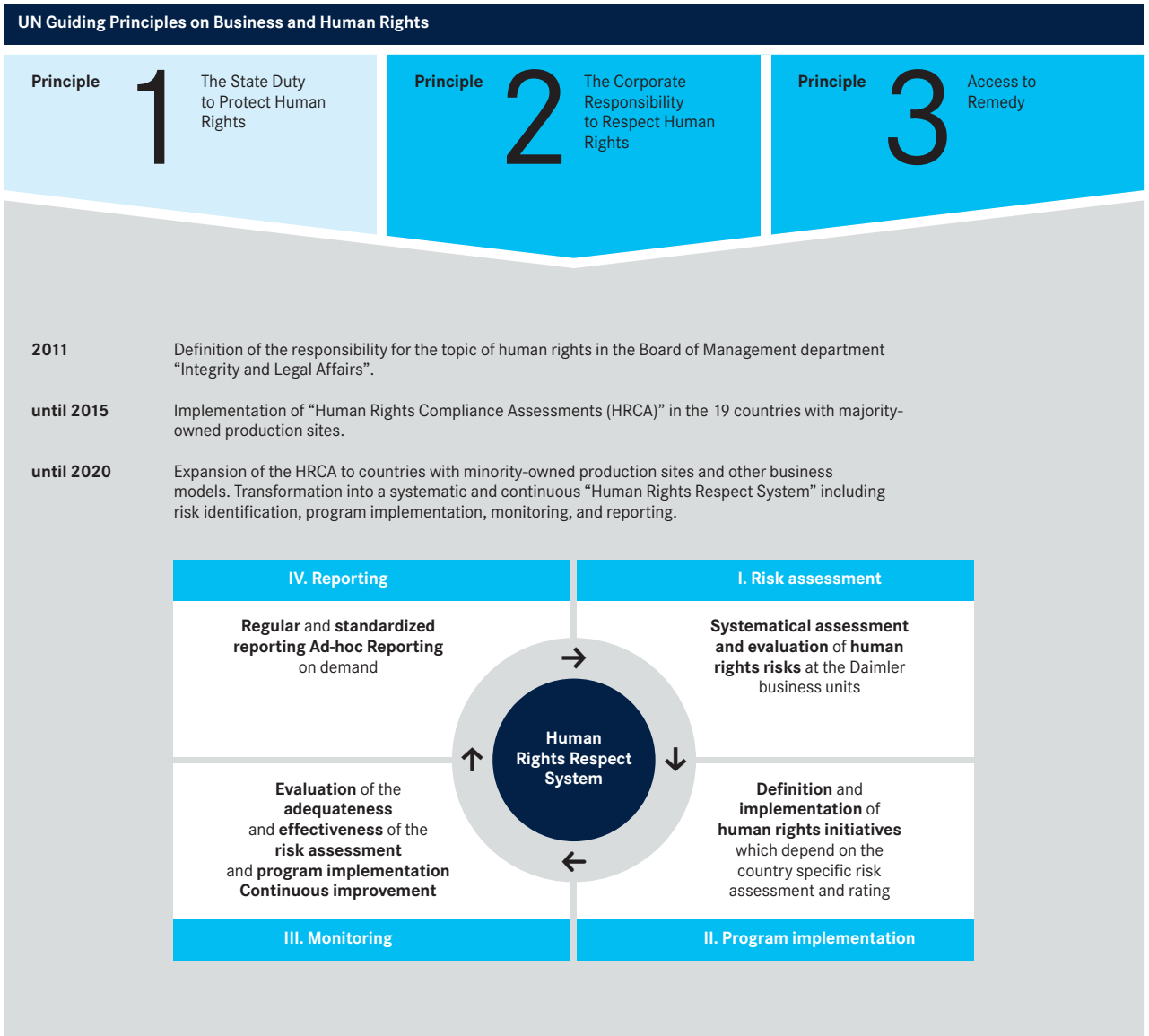
In 2013, we rolled out a web-based training course on our shared values and principles of behaviour for more than 100,000 employees throughout the Group. In 2014, nearly 40,000 more employees from different hierarchical levels completed extensive web-based training on integrity, compliance, and law. Our training strategy has an annual planning cycle for the program – from the needs analysis and execution to the feedback and monitoring process. Our local trainers are provided with modular training documents that can be used for specific target groups according to the risk associated with the participating functions. Each new employee receives an introduction to integrity and compliance as part of their welcome package.

 [Our training programs: Online 202](#)

Managers as role models. Our Integrity Code also defines the expectations on our managers, who have a special responsibility to promote the culture of integrity at Daimler as role models. Modules on integrity are included in all seminars for qualification of new managers. In addition, integrity and compliance are important criteria in the annual target agreements and target achievements of our managers.

External perspective through an Advisory Board. The Advisory Board for Integrity and Corporate Responsibility established in September 2012 with external experts from different sectors accompanies the integrity process at Daimler with a constructively critical approach. The Board also met in three regular meetings in 2014 in order to discuss current topics with the representatives of our company.

Initiating social debate. In the reporting year, Daimler organized two events in order to provide a forum for critical dialog with different stakeholder groups and further promote social discussion. The data protection symposium “The Automobile on the data highway” was organized under the management of Corporate Data Protection. The invited guests from business, science, politics, government organizations, associations, and media engaged with great interest and commitment in discussion on the different aspects of data protection with the speakers and Daimler representatives, and recommended continuing the dialog. In the Sponsoring symposium, experts from business, politics, science, and sports discussed the aspects of responsible sponsoring with specialists from our company.



Human rights

The respect of human rights is one of our top priorities. As an automotive manufacturer, we attach great importance to employee rights, fair working conditions, and rejecting all forms of discrimination, forced labor, and child labor. The responsibility for human rights issues belongs to the Board of Management division "Integrity and Legal Affairs" and is essentially based on the UN Guiding Principles on Business and Human Rights. In line with the requirement for a human rights policy formulated there, we have specified operational responsibilities and approaches in our Integrity Code, the Supplier Sustainability Standards, and our supplier agreements as a key requirement for all employees and business partners.

[Our principles and guidelines – text: Online 203](#)

In our approach to the respect of human rights, we differentiate between our own production locations, for which we are currently developing a comprehensive "Human Rights Respect System" extend beyond the existing risk reviews, Sales & Marketing, where we conduct mainly individual reviews, our direct suppliers (Tier 1), and other business partners and downstream suppliers (indirect influence).

Due diligence reviews at the production sites. Our concrete human rights approach at our production facilities includes a risk assessment conducted in form of a due diligence process in keeping with the UN guiding principles, which facilitates the identification of country-specific risks. Among other tools, we use the instrument of the Human Rights Compliance Assessment (HRCA) of the Danish Institute for Human Rights for this purpose. We have almost achieved our goal of conducting a total of 19 country analyses by the end of 2015, and had examined 16 countries using the HRCA method by the end of 2014:

- 2012: Germany, Mexico, and Egypt.
- 2013: Japan, France, Hungary, South Africa, Brazil, India, Spain, and the U.S.
- 2014: Czech Republic, Turkey, Argentina, Canada, and Indonesia.
- In 2015, the countries Portugal, Romania, and the United Kingdom are still to follow.

Results of the assessments. The country analyses do not indicate significant need for action for the Daimler units in majority shareholdings, but have identified optimization potential in individual locations with regard to special financial benefits of the company (such as special payments during maternity leave or social benefits for socially disadvantaged groups), background checks for high-risk service providers or information gaps relating to the awareness of integrity-promoting instruments. We have closed the identified gaps. Consequently, our regulations extend beyond the locally applicable legal requirements. In addition, based on our analyses, in the reporting year Daimler did not have any cases of child or forced labor, violations against the right to collective bargaining or freedom of association. Indigenous peoples are not affected by the corporate activities at our production locations under review.

From HRCA to the “Daimler Human Rights Respect System.”

Based on the experience gained from the compliance assessments, which will be completed by the end of 2015, we began to develop a concept for a systematic and continuous “Daimler Human Rights Respect System” during the reporting year that is to replace the Human Rights Compliance Assessments starting in 2016. The concept for this system comprises four key process steps:

- 1. Risk identification:** The following constituent parameters are decisive for the identification of potential human rights risks, among others: the general human rights situation in defined countries with operating Daimler units, the business model of these units, and the possibility of exercising influence.
- 2. Program management:** To enable systematic management of potential human rights risks for Daimler, a variety of different measures is already available or will still be developed as part of our program management.
- 3. Monitoring:** A monitoring system oriented primarily to high-risk units supports the regulatory process of Daimler’s human rights approach. The adequacy and effectiveness of the system can be reviewed and improved on a continuous basis.
- 4. Reporting:** The fourth process step of the “Daimler Human Rights Respect System” calls for extensive regular reporting aimed at providing information on critical issues and fulfillment of external reporting requirements.

Because the development of this concept could not draw upon existing systems, the concept was developed in a cross-functional process. In addition, feasibility and requirements analyses were carried out and key issues were discussed with external stakeholders at the “Daimler Sustainability Dialogue” 2014, whose recommendations we are gradually integrating.

🔗 [“Daimler Sustainability Dialogue” 2014: p. 40](#)

Training programs. We also address human rights issues in our employee training programs, and with more intensive advanced training provided for selected target groups (e.g. internal and external security staff).

Investigating suspicious behavior: In the event of suspected human rights violations our whistleblower system BPO is available internally and externally to provide “access to remedial action” also in line with the third pillar of the UN Guiding Principles on Business and Human Rights. An established complaints management process is also established with respect to our suppliers via the World Employment Committee.

🔗 [BPO whistleblower system: p. 45](#)

Human rights and suppliers. Human rights are an integral part of the Supplier Sustainability Standards and the contract terms for direct Daimler suppliers. We rely on appropriate communication and training measures to enable addressing human rights in the highly complex supplier chain, on which we have only an indirect influence. We examine the observance of sustainability standards by our suppliers in a multi-step process on the basis of a risk analysis, that we carry out by country and merchandise category.

🔗 [Suppliers: pp. 64 f.](#)

Compliance

Compliance is an indispensable element of the integrity culture at Daimler. Compliance with all relevant laws, voluntary commitments, and internal regulations and acting in accordance with ethical principles is a matter of course for us. Our top priority is to comply with all anti-corruption legislation, as well as to protect and promote fair competition. We have codified this in our Integrity Code. We strive to sustainably anchor integrity and compliance as integral parts in our value chain.

Compliance Management System (CMS) as a foundation.

Our CMS is aligned to national and international standards, and supports us in ensuring compliant behavior in our daily business. We review the effectiveness of the system on a continuous basis, and adapt it in line with worldwide developments, changed risks, and new legal requirements. We thus continuously improve its efficiency and effectiveness. In 2014, we developed new processes for reviewing and observing international sanctions, and expanded the measures for the prevention of money laundering in the trade with goods and services as well as the measures for the prevention of financing terrorism.

Prevention of money laundering and financing terrorism.

With a view to the further improvement of the Group-wide prevention of money laundering in the trade with goods and services, we have examined the increasing requirements in various countries and have initiated more extensive measures. In this context, the “Anti-Money Laundering Policy” entered into effect on August 1, 2014. This policy lays the foundation for Group-wide compliance with the respective national legislations. A center of competence supports the Chief Compliance Officer in his function as the anti-money laundering officer of Daimler AG for the central management, consulting, and coordination of money laundering prevention measures in the goods trade.

Review of sanction lists. Restrictions in the movement of capital and goods are instruments of international policy at both international and European levels. Daimler AG takes appropriate measures to ensure that the legal sanctions specified by the legislator are observed. With a view to effective and efficient implementation, we have introduced a worldwide system-based standard process for implementation of these requirements, which provides for an implementation phase.

Analysis of compliance risks. In 2014, we again performed a systematic risk analysis of all business units which included assessments in accordance with qualitative as well as quantitative indicators – such as the respective business model, the relevant environmental factors and the type of contractual relationships. The results of this analysis provide the basis for the risk controlling. Together with the business units we define measures for risk minimization with a key focus of our activities on sales companies in high-risk countries. The responsibility for implementing these measures and the supervisory duty lie with the respective members of management, who work closely together with the Group Compliance unit.

Reinforcing the worldwide structures. Our Compliance organization is divisionally oriented. This structure has proven itself and enables the effective support and advisory services to the business divisions by a divisional or regional Compliance officer, respectively. Moreover, local compliance partners around the world ensure that our standards are observed. We safeguard the independence of the divisional and regional officers from the business divisions through their direct reporting line to the Chief Compliance Officer, who in turn reports directly to the Board of Management member for Integrity and Legal Affairs as well as to the Chairman of the Supervisory Board.

We provide specific qualification training, which supports the Compliance staff in dealing with the frequently changing legal and regulatory situation. In addition, all new Compliance employees receive comprehensive introductory training in a practical Compliance seminar.

Whistleblower system. We use the Business Practices Office (BPO) as a valuable source of information on potential risks and specific violations of the rules. That is why it is an important instrument of good corporate governance that also serves to avert damage from our company.

Our whistleblower system receives reports of irregular conduct from employees and external parties worldwide around the clock, through different reporting channels, as well as anonymously – to the extent permitted under local law. A prerequisite for the acceptance of the system is that it is designed fairly, takes into consideration the principle of proportionality, and gives equal protection to whistleblowers and affected parties. We codified these criteria in a globally applicable corporate policy in 2013. In addition, in February 2012, we created the neutral mediator function in Germany, which is staffed by an independent attorney. The mediator also receives reports of rule violations, and is obligated to maintain confidentiality by the oath of professional secrecy. Of the 59 BPO cases, which were closed “with merit” in 2014, six were in the category of “Bribery.” The company responded with appropriate measures.

Information on criminal proceedings against Daimler AG is provided in the Annual Report for the 2014 reporting year. Proceedings against natural persons are generally not disclosed since convictions or resolutions under criminal law are not communicated to Daimler AG.

🔗 [Proceedings against Daimler AG: AR 2014, notes: pp. 247f.](#)

Collaboration with our business partners. Ethical conduct and compliance with regulations is an essential prerequisite for trusted collaboration with our business partners. In selecting our direct business partners, we make sure that they comply with the law and follow ethical principles. Depending on the risks we provide our business partners with target group-oriented trainings measures. In addition, we have formulated our expectations in the brochure “Ethical Business. Our shared responsibility.” If business partners fail to observe our standards, we retain the right to terminate the collaboration.

🌐 [Our training programs: Online 205](#)

🌐 [Brochure “Ethical Business. Our shared responsibility.”: Online 206](#)

🔗 [Supplier Sustainability Standards: p. 64](#)

Specialist dialog beyond company limits. We are frequently asked to share our experiences in the area of compliance. That is why we have decided to offer a practical seminar on compliance with the Daimler Compliance Academy. The first seminar was held in April 2014 in Germany. While previous external training programs were directed only at business partners and suppliers, for the first time, with the Academy we have now organized a seminar for compliance professionals from all industries. Another goal of the seminar is to create a platform for the exchange of experiences about compliance trends and challenges.

🔗 [Topic “Integrity and compliance”: p. 21](#)

Antitrust law

Daimler has a Group-wide Antitrust Compliance Program oriented around national and international standards. The program establishes a binding, globally valid Daimler standard that defines the approach to be taken in the internal assessment of issues related to competition law. Our standards are as strict as those of the European antitrust authorities and courts, and thus ensure a consistent level of compliance advice in all countries. Web-based training and more detailed classroom training sessions on antitrust law are aimed at our managers and employees in selected functions. Monitoring measures at our corporate units supplement our antitrust-related risk analysis and support us in the continuous improvement of the effectiveness of our Antitrust Compliance Program and the adjustments to worldwide developments, changed risks, and new legal requirements.

🔗 [Antitrust proceedings against Daimler AG: AR 2014, notes: p. 247](#)

Data protection

With the Data Protection Policy, we have entered into a commitment to maintain high data protection standards around the world. The Data Protection Policy meets the requirements of the European Union's Data Protection Directive, and establishes principles for ensuring and maintaining a corresponding data protection level for all companies of Daimler AG.

Organization and responsibility. The Chief Officer Corporate Data Protection works with the support of local data protection coordinators toward ensuring compliance with the valid data protection laws and internal standards in the Daimler Group. He advises on and initiates communication and training measures, and performs controls and audits for compliance with the data protection laws and Daimler's Data Protection Policy. This also includes complaints management and the fulfillment of reporting requirements.

Training programs. The range of training and informational measures for employees and managers is continuously optimized and expanded. In addition to web-based training, classroom training, and target group-specific information documents, the topic of data protection is also addressed in the company's internal media.

Incidents. In the reporting year, there were no significant data protection violations and no fines were imposed. The number of complaints received by Corporate Data Protection is slightly down again compared with the previous year. In five cases investigations by supervisory authorities due to customer complaints were performed and concluded with satisfactory results.

Privacy by design. The networking of the vehicle is one of the focuses of innovation in the automotive industry. At the same time, connectivity with the Internet and driver support through new assistance systems are presenting new challenges for data protection and information security. That is why the design of data protection concepts for the connected vehicle (privacy by design) was a key area of emphasis in the activities of the Chief Officer Corporate Data Protection in 2014.

Principles for data protection in connected vehicles. The two US associations Auto Alliance and Global Automakers have adopted the joint data protection principles "Consumer Privacy Protection Principles for Vehicle Technologies and Services" with the active involvement of Daimler AG. In addition, Daimler AG collaborated actively with the German Association of the Automotive Industry in the development of principles of data protection in the connected vehicle, which define requirements for a comprehensive, integral concept for data processing and data protection in connected vehicles.

Product responsibility.

For us, product responsibility requires a combination of three things: the greatest possible customer benefit, the highest safety standards, and maximum eco-friendliness and efficiency.

To achieve this goal, we depend on environmentally sound product development and innovative concepts. This extends from trailblazing vehicle and powertrain technologies, lightweight construction. The use of natural materials, and remanufacturing of components to sophisticated assistance systems that can prevent accidents.

In the area of environmental compatibility we observe the Daimler Environmental and Energy Guidelines. The second guideline is as follows: We develop products that are particularly environmentally friendly and energy-efficient in their market segments. Therefore, our mission is: to fulfill demanding environmental standards and deal sparingly with natural resources. Our measures for environmentally compatible and energy-efficient product design take into account the entire product life cycle – spanning development, production and product use, as well as disposal and recycling.

[Environmental and Energy Guidelines: Online 301](#)

Environmentally responsible product development

A vehicle's environmental impact is largely decided in the first stages of development. By integrating environmentally responsible product development (Design for Environment, DfE) at an early stage of the development processes, it is possible to minimize the impact on the environment more efficiently. That is

why continuous improvements in environmental compatibility are a major requirement in the creation of the product performance specifications. Our DfE experts are involved in all stages of vehicle development as a cross-divisional team.

In addition, we systematically integrate the product design into our environment and quality management systems according to ISO 14001 and ISO 9001. Since 2012, Mercedes-Benz has been in full compliance with the relevant ISO 14006 standard. In addition, Mercedes-Benz has also been certified according to ISO TR 14062, the standard for environmentally oriented product development, since 2005.

[Environmental management in product development: Online 302](#)

[Mercedes-Benz models with environmental certificates: Online 303](#)

Comprehensive life cycle assessment. Evaluating the environmental compatibility of a vehicle requires an analysis of the emissions and use of resources throughout the entire life cycle. The standardized tool for this is the ecological assessment, which examines all environmental effects, from the extraction

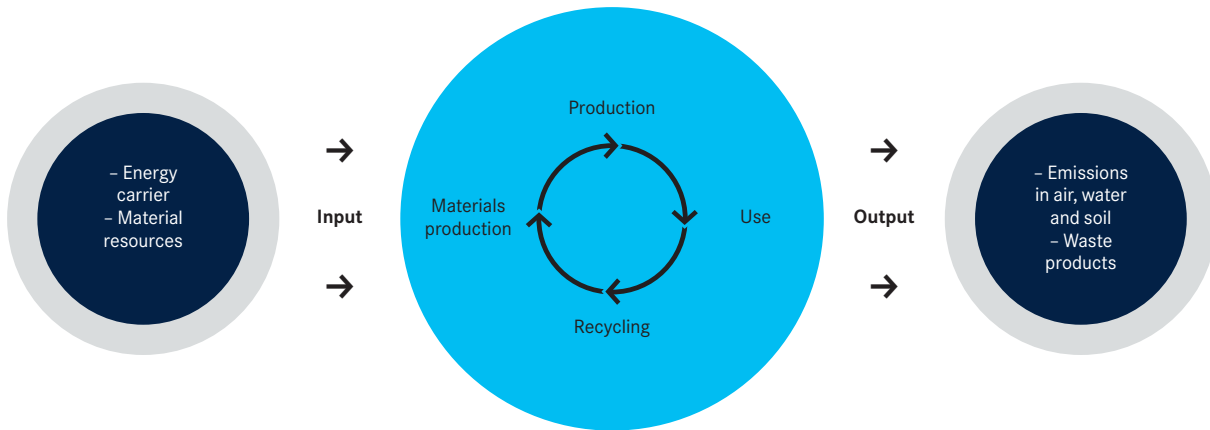
09

Daimler Environmental and Energy Guidelines

1	2	3
We address the challenges of the future referring to environmental and energy aspects.	We strive to develop products which are highly responsible to the environment and are energy efficient in their respective market segments.	We plan all stages of manufacturing to provide optimal environmental protection and efficient energy utilization.
4	5	6
We offer our customers ecologically and energy efficient oriented service and information.	We endeavor to achieve exemplary environmental and energy performance worldwide.	We provide our employees and the public with comprehensive information on environmental protection and energy utilization.

10

Holistic balance



of raw materials and vehicle production to product use and recycling. At Mercedes-Benz Development, we use life-cycle assessments to evaluate and compare different vehicles, components and technologies.

Less weight, more recycles, more natural materials. Our goal is to make our vehicles lighter while continuing to reduce the environmental effects of materials used in their production. For this, we are using new lightweight materials and components, on the one hand. On the other hand, we are increasingly using renewable materials and recycling materials.

Intelligent lightweight construction can further reduce vehicle weight without sacrificing safety and comfort. In this context, the selection of materials, as well as the component design and manufacturing technology also play an important role: Not every material is suitable for every component. At 35 percent, the vehicle body accounts for the biggest share of total vehicle

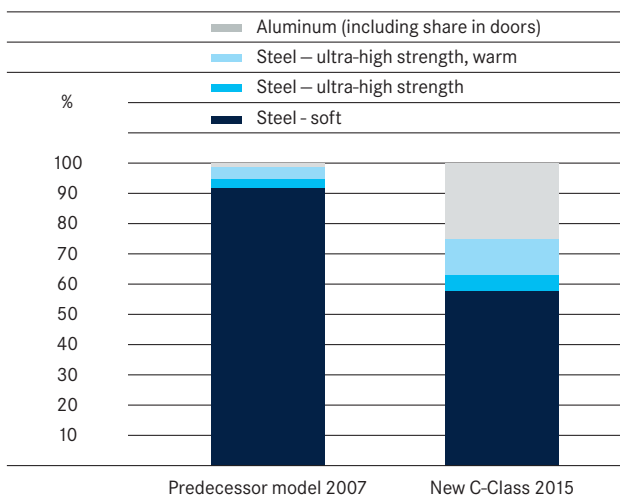
weight, followed by the chassis at 25 percent, the comfort and safety equipment at 20 percent, and the engine and transmission at 20 percent. Thus, the most effective approach is to focus on the vehicle body.

Lightweight-construction champion C-Class. The innovative aluminum hybrid body of the new C-Class is about 70 kilograms lighter than a traditional body shell made of steel. Overall, it was possible to reduce the weight of the vehicle by as much as 100 kilograms compared with the predecessor model. This pays off: The lightweight construction of the new C-Class contributes to a reduction in fuel consumption by up to 20 percent. The aluminum content of the body shell has been increased from less than 10 percent in the successful predecessor to nearly 50 percent in the present model.

Materials in the new C-Class. Steel and ferrous materials account for almost half the vehicle weight (46.9 percent) of the

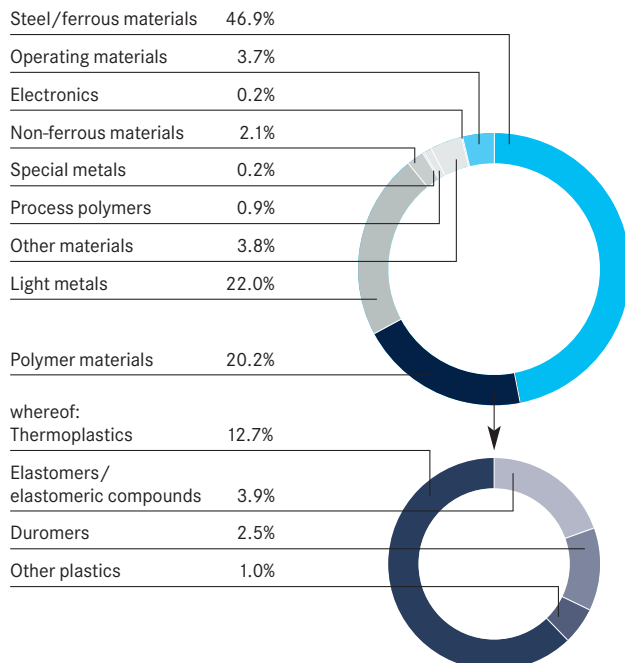
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Materials content in the body of the new C-Class and predecessor model



12

Materials content of the new C-Class



new C-Class. Alloys make up the second largest group with 22 percent, followed by polymers at 20.2 percent. The percentage of other materials – primarily glass – and non-ferrous metals is around 6 percent. However, the main differences are observed in the steel and alloys of the new C-Class, which is at around 10 percent lower than the predecessor model for steels and about 9 percent higher for alloys and 1 percent higher for polymers. This is attributable primarily to the lightweight design improvements in the body and axles.

Increased use of recycled materials. The European End of Life Vehicle Directive 2000/53/EG specifies utilization quotas for passenger cars and vans with a gross vehicle weight of up to 3.5 tons. In addition, it also requires manufacturers to use more recycled materials during vehicle production in order to strengthen the markets for recycled materials. That is why the performance specifications for the new Mercedes-Benz models prescribe continuous increases in the amounts of recycled materials to be used in car models – as also specified in the targets program.

Currently, 52 components with a total weight of 49.3 kilograms are approved for manufacture with recycled plastics for the new C-Class. This corresponds to 3.7 percent of the total vehicle weight or a good 29 percent of all thermoplastic materials used in the vehicle. In the predecessor model this figure was only 2.8 percent.

More renewable raw materials. Renewable materials offer many advantages:

- In contrast to fiberglass, the use of natural fibers generally leads to a reduction in a component's weight due to their lower density.
- They can be processed with conventional technologies.
- The resulting products are generally easily recyclable.
- In energy recovery their CO₂ effect is almost neutral because only as much CO₂ is released as was absorbed by the plant during its growth.
- They contribute to the reduced consumption of fossil resources.

Natural materials in the new C-Class. Renewable materials used in the production of 76 components of the new C-Class have a combined weight of 26.3 kilograms. Thus, the total weight of the components manufactured with the natural materials has increased by 55 percent compared to the predecessor model.

Top scores in aerodynamics. With a Cd value of 0.24, the new C220 BlueTEC Blue Efficiency Edition sets a new standard in the medium-size category. On the road this yields measurable ecological and economic benefits, because good aerodynamics make a decisive contribution to lowering fuel consumption and CO₂ levels with savings of 1 gram of CO₂ per kilometer in the NEDC driving cycle for each reduction of the Cd value by 0.01 points. Measured in terms of average real consumption, the reduction amounts to as much as 2 grams of CO₂ less per kilometer. Sophisticated aerodynamics pay off even more impressively in highway driving, where a 0.01 point improvement in the Cd value yields a reduction of more than 4 grams in the CO₂ emissions per kilometer – which gives Daimler good reasons for attaching great value to excellent aerodynamics.

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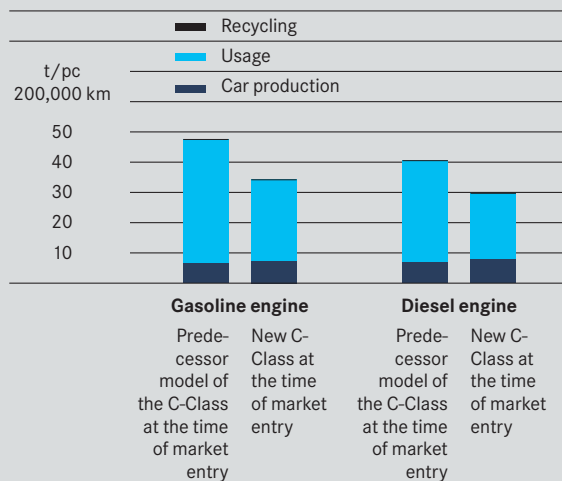
The environmental profile of the new C-Class

Primary energy requirement. Over the entire life cycle – from the manufacturing process to the use and recycling – the new C-Class has a primary energy consumption of 521 gigajoules, or 170 gigajoules (25 percent) less than the predecessor model, a savings that corresponds to the energy content of around 5,300 liters of gasoline.

CO₂ emissions. The environmental input of the new C-Class is around 35 tons of CO₂. Over the entire life cycle and based on a total driving distance of 200,000 km, the model generates 28 percent (13 tons) fewer CO₂ emissions than its predecessor did at its market entry in 2007. The new model emits around 23 tons of CO₂ in driving operation. Thus driving is the determining factor for CO₂ emissions as well as for the primary energy consumption.

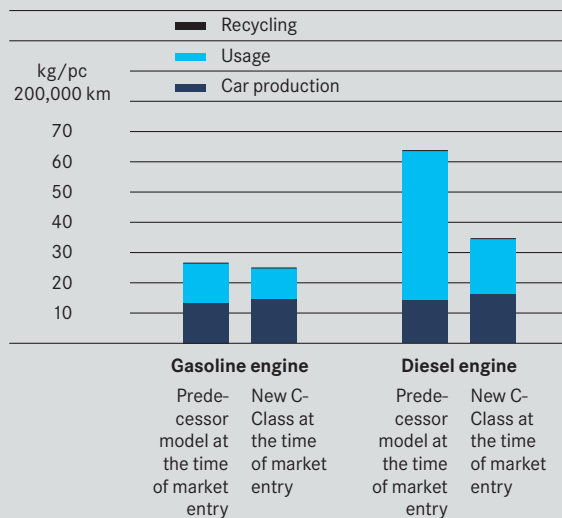
The values, calculated for the C-Class Diesel C 220 BlueTEC, are as follows: CO₂ environmental input over the entire life cycle 30 t, or 11 t of CO₂ (minus 26 percent) less than its predecessor.

CO₂ emissions of the new C-Class compared to predecessor model



Total emissions. The new C-Class has clear also advantages in other emission categories as well over the entire life cycle. This particularly applies to NO_x emissions, which have been reduced by 6 percent in the gasoline-powered model and by as much as 45 percent in the diesel-powered model (only calculated values).

NO_x emissions of the new C-Class compared to the predecessor model



Innovative vehicle and powertrain technologies

Our goal is to ensure mobility for future generations as well. That is why we strive to offer our customers safe, efficient, and low-emission vehicles and services. Our vision is to achieve a drive system mix that is tailored to the market requirements. The main focus points of our development: particularly fuel-efficient, and environmentally compatible powertrain technologies in all our automotive divisions are embraced in our initiative “The path to emission-free mobility”:

- Further development of our vehicles with state-of-the-art combustion engines with the goal of achieving significant reductions in consumption and emissions.
- Further efficiency increase through hybridization.
- Electric vehicles with battery and fuel cell drive.

[Hybridization in the C 350 PLUG-IN HYBRID: pp. 8 ff.](#)

B-Class Electric Drive. With the new B-Class Electric Drive, which first came on the market in the U.S. followed by Europe in November 2014, we are offering an all-electric vehicle model from Mercedes-Benz for the first time. The B-Class Electric Drive has a range of around 200 kilometers and reaches an electronically limited top speed of 160 km/h. Over the entire life cycle – production, use over 160,000 kilometers and recycling – the B-Class Electric Drive generates 64 percent fewer CO₂ emissions than the comparable gasoline-powered model B 180. An externally validated environmental certificate presents in detail the benefits and differences compared with the conventional reference vehicle.

[Environmental certificate for B-Class Electric Drive: Online 304](#)

DENZA – electromobility for China. In China, we have developed an electrically powered city car in the framework of a joint venture with our Chinese partner BYD, which we brought on the market in 2014. With a driving range of up to 300 kilometers, DENZA is tailored to the special requirements of the Chinese market. In addition to enabling locally emission-free driving, the five-seater vehicle is also very attractive because of a variety of special benefits. Thus, for example, government agencies grant high subsidies for locally developed and manufactured electric vehicles, and these vehicles are exempt from the general registration restrictions in metropolitan centers such as Beijing and Shanghai.

Green electricity for the smart fortwo electric drive. Electric cars drive locally free of emissions. If they are recharged with electricity produced from renewable resources, they are particularly climate- and environment-friendly. The smart fortwo electric drive is now available in 17 markets around the world. Within the framework of a pilot project we feed the equal amount of renewable energy into the German grid that is required to cover the operation of the smart fortwo electric drive cars sold in Germany.

[Green electricity for the smart fortwo electric drive: Online 305](#)

Charging stations for electric vehicles. In helping to push the establishment of charging infrastructure for electric vehicles, we are taking part in various initiatives together with other manufacturers and suppliers, research facilities, energy providers, and government. These include the promotional project charge@work organized as part of the “Showcase Electromobility Baden-Württemberg” campaign. Through charge@work, among others, more than 100 charging stations have already been set up at five Daimler locations in the Stuttgart region. Due to the

high demand, we also intend to expand the charging infrastructure at other locations soon.

In addition, as part of the initiative Quick Charging for Corridors and Metropolitan Areas (SLAM), together with partners from the industry and research we are examining business models for the operation of quick-charging stations in metropolitan areas and along the connecting traffic corridors. More than 600 new charging stations complying with EU regulations and processes for their need-based positioning are to be realized with a steady focus on providing a preferably uniform and convenient access and invoicing system.

Electric vehicles with fuel cell drive are also suitable for long driving distances due to their great range and quick refueling. The electricity is generated in the vehicle itself from hydrogen, which is fueled as in a traditional vehicle. Emission-free driving will only become attractive to customers for longer distances if sufficient fueling stations become available. That is why Daimler is promoting the development of a comprehensive hydrogen infrastructure jointly with partners from politics and the energy sector. That fuel-cell vehicles can be built in series production was demonstrated in 2014 by a B-Class F-CELL from the current fuel-cell fleet of Mercedes-Benz. The vehicle set an endurance record of 300,000 kilometers driven under normal everyday conditions.

14 Drive technologies from Daimler

Share in percent ¹	Gasoline vehicles	Diesel-powered vehicles	Gas drive vehicles (CNG, LNG, LPG)	Hybrid drive vehicles	Electric drive vehicles
Europe	26.6	72.3	0.1	0.9	0.3
NAFTA	58.8	40.2			
Japan	51.8	43.9			
China	71.3	28.2			
Total	42.9	55.8			

¹ Basis: 2014 vehicle sales in each market

Fuels

Besides developing fuel-saving and environmentally friendly drive systems, we are also involved in research and testing of alternative fuels, which provide us with another important means for avoiding emissions and becoming more independent of fossil energy sources.

H₂ Mobility. In the autumn of 2013, we already made concrete plans for a nationwide network of H₂ filling stations as part of the “Initiative H2 Mobility,” which envisages around 400 public hydrogen fueling stations by 2023. The goal is to offer an H₂ fueling station for every 90 highway kilometers between urban centers. Furthermore, according to the planning, at least ten hydrogen filling stations will be available in each metropolitan region starting in 2023. The total investment requirement for the project will come to €350 million.

Bioethanol from straw. In a pilot project we are examining a new biofuel jointly with two specialty chemicals companies: With sunliquid20, a premium gasoline containing 20 percent cellulose ethanol, up to 20 percent less crude oil is supposed to be needed in the future. Gasoline with 20 percent ethanol content can already be used in our Blue DIRECT gasoline engines today.

[sunliquid20: Online 306](#)

[Our fuel roadmap: Online 307](#)

[Online tool OPTIRESOURCE calculates energy balance: Online 308](#)

Fuel consumption and CO₂ emissions

The largest share of primary energy consumption and CO₂ emissions over the life cycle of a vehicle is attributable to the usage phase. In the case of a passenger car with a combustion engine it is about 80 percent. The remaining 20 percent is consumed almost entirely during the manufacturing process. Vehicles with alternative drive systems have fewer CO₂ emissions during the usage phase. However, the primary energy consumption of these vehicles generally increases during production because of the energy needed to manufacture certain components such as batteries and electric motors.

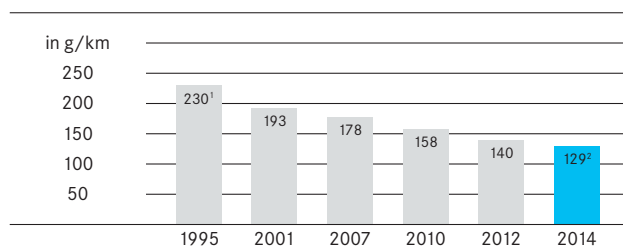
Daimler is working intensively to further reduce emissions from all phases of the product life cycle. Through the optimization of our BlueEFFICIENCY measures and the market launch of the new models we were able to achieve another significant reduction in the CO₂ emissions of our new vehicle fleet in 2014.

In the reporting year, the average CO₂ emissions of the total fleet of Mercedes-Benz Cars in Europe were at 129 grams per kilometer. We have thus achieved a reduction by more than 19 percent in the last five years. In 2014, we achieved another improvement by an additional 4 percent. Our goal is to lower the CO₂ emissions of our new-vehicle fleet in Europe to 125 grams per kilometer by the year 2016. In the EU, M1 vehicles must meet a fleet target of 95 grams of CO₂ per kilometer beginning in 2020. In consideration of the expected average vehicle weight, this leads to a target of around 100 grams of CO₂ per kilometer for Daimler.

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Development of average CO₂ emissions of Mercedes-Benz Cars vehicle fleet in Europe (EU 27)

CO₂ emissions according to the New European Driving Cycle (NEDC)



¹ 1995 including vans registered as M1 vehicles. All other years without vans.

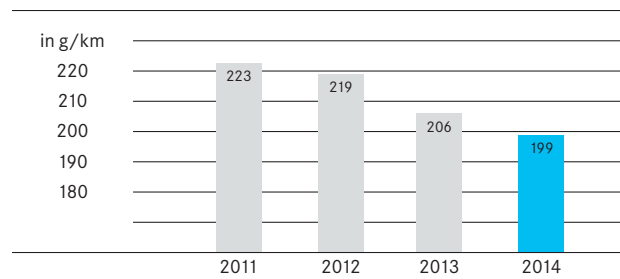
² 2014: M1 vehicles 131 g/km

[Vehicle data for all models: Online 309](#)

CO₂ emissions of our vans. An EU Directive on the CO₂ emissions of vans with a total weight of up to 2,585 kilograms entered into force in 2011. According to the regulation, starting in 2014, the requirement is to comply with a level of 175 g CO₂/km which is applicable in stages and has to be met to a 100 percent by 2017. As of 2020 the level drops to 147 g CO₂/km. As in the case of passenger cars, the vehicle weight must also be taken into account: if the average weight of the fleet of a given manufacturer is above that of all vans sold in the market, the CO₂ fleet level to be achieved is also increased accordingly. Accordingly, Mercedes-Benz vans must comply with a level of 210 g CO₂/km starting in 2014. At 199 g CO₂/km in 2014, the Mercedes-Benz vans fleet achieved an improvement by a good 3 percent compared with the previous year. This equals a more than 11 percent decrease compared with the reference year 2011; we have thus exceeded the goal we set for ourselves and fulfills the EU van fleet regulation already in the very first year to a 100 percent.

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Development of average CO₂ emissions of Mercedes-Benz Cars van fleet in Europe (acc. to NEFZ)



Higher fuel efficiency for passenger cars and vans. With the extremely economical BlueEFFICIENCY technology package we are reducing the consumption and CO₂ emissions of our Mercedes-Benz cars and vans by up to 32 percent in individual models compared with the predecessor vehicles. This is aided by optimization measures in the powertrain area, energy management, aerodynamics and weight reduction through lightweight construction and tires with optimized rolling resistance, as well as by driver information for adopting an energy-saving driving style.

Legendary power, increased efficiency. In our semi-trailer tractors (class 8) we are using highly efficient powertrain components and sophisticated aerodynamics in order to reduce fuel consumption and CO₂ emissions. We have also done this in our new Western Star 5700XE truck. The hood and chassis and cabin paneling of the truck have a new aerodynamic design which significantly reduces drag. This alone reduces fuel consumption by more than 7 percent. In addition, the truck comes with a new integrated Detroit Diesel powertrain with a slow-speed DD 15 engine, and the Detroit DT 12 direct transmission and a particularly fuel-saving final drive ratio. The individual measures and, most of all, the fine-tuned overall package, yield a bottom-line decrease in consumption of nearly 15 percent compared with the reference vehicle (Western Star 4900SB with fuel efficiency package).

Economical SuperTruck. With further advanced technologies Daimler has successfully implemented the goals of a research project of the US Department of Energy. In 2014, our experimen-

tal vehicle achieved the required efficiency increase for both the entire semitrailer rig and the engine efficiency. The stationary testing indicated an engine efficiency of 50.2 percent, and the semitrailer rig demonstrated a 61 percent efficiency increase compared with the 2009 reference vehicle in two on-road highway tests.

[More on the SuperTruck: Online 310](#)

More efficient with high-tech steel pistons. Since the autumn of 2014, we have been using the new high-tech pistons made of steel in the V6 diesel engine of the Mercedes-Benz E 350 BlueTEC – a world premiere in a production passenger car. Because steel conducts less heat than aluminum, higher temperatures are generated in the combustion chamber cavity of the steel piston, which leads to a shorter combustion time and improved combustion, and additionally enables reducing the piston friction. As a result, the engine uses about 3 percent less fuel. In addition, the greater strength of steel allows a particularly compact design. In this way, despite the significantly higher material density, the steel piston weighs about as much as an aluminum piston. The lower piston height additionally yields potential for new engine concepts with an even lower weight and installation space.

Excellent engine compartment encapsulation. Insulating partition walls in the engine compartment and a radiator shutter that is closed when the vehicle is not moving ensure that the heat in the Mercedes-Benz S 300 BlueTEC HYBRID is retained where it is generated: in the engine compartment. The “ECO Thermo Cover” ensures that the vehicle does not cool off when it sits for a longer time. The higher temperatures reduce engine friction when the vehicle is restarted. This leads to a minimization of cold-start losses and lower CO₂ emissions. According to our research, this makes annual average fuel savings of up to 1.5 liters per tank filling possible.

The European Commission has recognized the innovative engine encapsulation as an ecological innovation. It awards this label to technologies which lead to lower consumption in daily operations but show no or only minor effects in the standardized testing cycles of the EU (NEDC). With this, the EU Commission also reaffirms our “Real Life Efficiency” strategy.

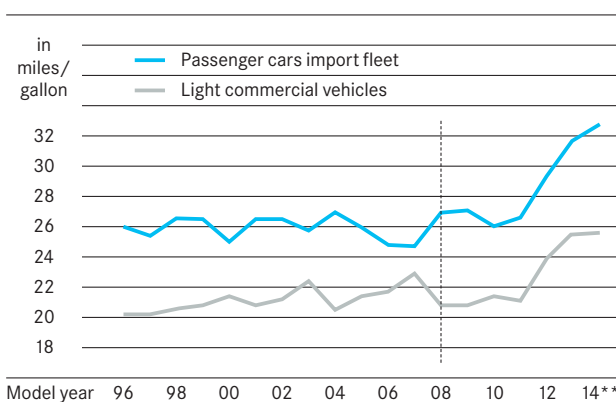
Lower fuel consumption of the new C-Class. In the new C-Class we have realized fuel savings of up to 32 percent with the help of numerous coordinated measures to the vehicle body, engines, and ancillaries.

[Optimizations in the new C-Class: Online 311](#)

Fleet values in the US. In the US, fleet values are regulated by two co-regulating standards for reduction of greenhouse gases in vehicle fleets: the Greenhouse Gas Standards (GHG) and the Corporate Average Fuel Economy Standards (CAFE). The CAFE fleet value for each model year is determined on the basis of the number of vehicles sold and their respective fuel economy figures. For every 0.1 mile per gallon below the specified limit, the manufacturer is required to pay a fine to the government of US\$5.50 per vehicle sold. In the 2014 model year the introduction of vehicles like the CLA 250 contributed to the increase of our CAFE fleet figure.

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Daimler CAFE* values for passenger and light commercial vehicles in the U.S.



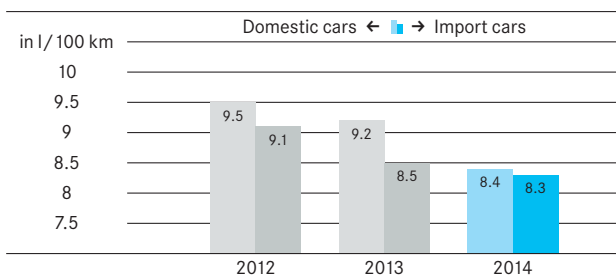
From model year 2008 the figures only apply to Mercedes-Benz and smart vehicles sold in the US. Until model year 2007, light commercial vehicles also included Chrysler LLC vehicles not belonging to the SUV segment.

* CAFE = Corporate Average Fuel Economy
** Projection

[More on CAFE: Online 312](#)

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Daimler fleet fuel consumption in China



Fleet value in China. In China, there are different fuel economy requirements for domestically produced and imported passenger cars. At the same time a differentiation between sixteen weight classes is also made. The fleet fuel economy target relative to the weight of Daimler’s “domestic” fleet was 9.3 liters/100 km, and the actual value achieved in 2014 was 8.4 liters/100 km. The target for the import fleet was 9.6 liters/100 km, and 8.3 liters/100 km was achieved.

Driver training. Fuel consumption can be reduced by as much as 10 percent through an economical and anticipatory driving style. Our Mercedes-Benz Eco-Training programs for drivers of passenger cars and commercial vehicles show how this can be done.

[More on our Eco-Training programs: Online 313](#)

[Fuel-saving tips: Online 314](#)

[Driving and saving with electric vehicles: Online 315](#)

Pollutant emissions

We use cutting-edge technologies to further reduce the pollutant emissions of our cars and commercial vehicles. Our goal is to fulfill future emission requirements in advance as much as possible.

Ahead of schedule on emissions. All new model-certified Mercedes-Benz passenger cars are in compliance with the limits of the Euro 6 European emissions standards, which have been in effect since September 2014. This has been true for many models for several years. As early as in 2011, Mercedes-Benz vehicles accounted for half of all Euro 6 passenger car registrations in Germany and for as much as 80 percent in 2012.

Thanks to innovative technology, our direct-injection engines are also below the stringent particulate matter limit of the second Euro 6 stage, which becomes effect in 2017 and reduces the number of particulates by another 90 percent compared to the first stage. All diesel-powered vehicles and 50 of 69 gasoline-powered direct injection Mercedes-Benz Euro 6 models were already in compliance with the tightened limit of 6×10^{11} particles in mid-2014.

Comprehensive Euro VI range. In the commercial vehicles area, Mercedes-Benz was the first manufacturer to offer its complete product range certified to Euro VI standards – from the Actros long-distance truck to the special-purpose vehicles Mercedes-Benz Unimog and Econic. The light is also green in the area of buses: all model series of the Mercedes-Benz and Setra brands are available certified to Euro 6 standards today.

Noise

We have significantly reduced the noise emissions of our passenger cars, trucks, and buses in recent years through a series of improvements. Our main concern at present is to find satisfactory solutions for the conflicting objectives we repeatedly face in the area of noise reduction. Especially in commercial vehicles there are technical areas in which reducing noise and lowering fuel consumption are at odds. Thus, for example, an encapsulation of the powertrain dampens the engine noise. At the same time, however, it requires a stronger cooling system, which raises the fuel consumption. The additional fuel consumption can be countered with higher injection pressures, which in turn lead to a harsher combustion noise.

Conservation of resources

Our business naturally requires great quantities of materials. Therefore, one of the focal points of our development tasks is to keep the requirement for natural resources as low as possible. In particular, we strive to limit the use of raw materials that are only available in limited quantities and are frequently associated with a great ecological burden, in the early stages of development. In addition to the economical use of resources, the reconditioning of components and the recycling of used materials play an important role.

Consistently high recyclability. During vehicle development we also prepare a recycling concept, in which all components and materials are examined with a view to their suitability for the various stages of the recycling process. As a result, all Mercedes-Benz models are 85 percent recyclable and 95 percent recoverable.

The key aspects of our activities in this area are:

- The resale of tested and certified used parts through the Mercedes-Benz Used Parts Center (GTC)

- The remanufacturing of used parts
- The workshop waste disposal system MeRSy Recycling Management.

[Remanufacturing: pp. 58 f.](#)

[Workshop waste disposal and end-of-life vehicle returns: Online 316](#)

Recycling of electromobility components. The research project Motor Recycling (MoRe), which is supported by the Federal Ministry for Education and Research, is dedicated to the question of how components and valuable materials from electric powertrains can be recycled and reused. Daimler is a part of the consortium from industry and research, which is examining the entire electro-automotive value chain as part of MoRe – from the design and production of engines to reuse in the vehicle. In this context, various aspects of the recycling of engines are analyzed:

- Removal of magnets from the old engines
- Repair and subsequent reuse of electric motors or their components
- Recycling of magnet materials and rare earth metals.

Mobility concepts and services

Transport infrastructure and transport systems frequently operate at their limits, especially in urban areas. That is why Daimler has developed a range of pioneering mobility concepts – from the car sharing provider car2go and the mobility platform moovel to the Bus Rapid Transit (BRT) bus system.

[Topic “Transportation concepts”: pp. 22 f.](#)

Effects on health and safety

Our safety and zero-emission driving strategies are aimed at ensuring maximum safety for drivers, passengers, and all other road users, and the prevention of emissions and noise.

Upon delivery, our products and services must satisfy the contractual criteria for quality and active and passive safety and must be ready for use in accordance with their intended purpose. That is why we work intensively on eliminating errors to the greatest possible extent as early as in the development and design stage. Our safety obligations also apply during production and sales as well as after the handover of the vehicles. The Daimler “Product Safety” policy regulates the related requirements, tasks, activities, and responsibilities. With the help of our worldwide product monitoring system, we can detect potential risks at an early stage. The processes and procedures for suitable countermeasures such as warnings, customer service measures, etc. are defined.

Seal of quality confirms allergy-friendly features. Good air quality in the vehicle interior and anti-allergen surfaces contribute to the passengers’ safety and well-being. We ensure that already in the development stage emissions in the vehicle interior are reduced to a minimum and that allergens are avoided. External allergens are effectively contained through highly efficient filters in the air conditioning unit. And with great success: since 2012, Mercedes-Benz vehicles have borne the seal of quality of ECARF, the European Center for Allergy Research Foundation. The seal is awarded to products whose anti-allergen properties have been subjected to scientific review. To this end, ECARF

conducts driving tests with persons suffering from asthma, which examining many medical parameters – such as those established for lung functionality tests – that show the effects on the respiratory system. Moreover, all materials which come into contact with passengers' skin are subjected to dermatological testing.

Top fit in the truck. Professional drivers are exposed to maximum stress. In its research project TopFit Truck, Mercedes-Benz Trucks places the main focus on the driver. The goal is to make the job more attractive and thus to counteract the looming shortage of drivers.

 [More on TopFit Truck: Online 317](#)

Vehicle safety

One of our key obligations is to ensure the safety of our customers and all other road users. Mercedes-Benz experts have been conducting in-house accident research on critical traffic situations and real accidents with Mercedes-Benz vehicles since 1969. That is why our comprehensive “Integral Safety” concept is consistently reconciled with real traffic and accident data. The concept is focused on the synergy between active and passive safety.

Top scores in the Euro NCAP rating. Three Mercedes-Benz models completed the safety tests of the European New Car Assessment Program (NCAP) with top scores: the C-Class sedan, the GLA, and the V-Class. All three models received top scores for occupant and child safety, pedestrian protection, and the safety support through assistance systems in the tests, which had been expanded and intensified compared with the previous year. In addition to the good rating, the Mercedes-Benz C-Class received the Euro NCAP Advanced Reward for two safety systems: the drowsiness detection ATTENTION ASSIST and the anticipatory occupant protection system PRE-SAFE®.

 [Test result Euro NCAP+ of C-, GLA- and V-Class: Online 318](#)

Safety awards for the E-Class and M-Class. In extensive tests, the US Insurance Institute for Highway Safety (IIHS) performs an annual evaluation of the active and passive safety of current vehicle models. In 2014, the Mercedes-Benz E-Class and M-Class ranked among the best with top scores in the tests and received a “TOP SAFETY PICK+” distinction.

 [Test results TOP SAFETY PICK+: Online 319](#)

Accident prevention systems. The effectiveness of accident prevention systems has been repeatedly demonstrated in recent years. A great number of such systems ensure maximum safety in our vehicles.

 [Safety systems in the new C-Class: Online 320](#)

Safer through the intersection. The new Brake Assist BAS PLUS with Cross-Traffic Assist helps avoid rear-end collisions and collisions with crossing traffic at intersections. With the help of a radar sensor system and a state-of-the-art stereo camera the system can recognize dangerous situations. In the event of danger, it prompts the driver to apply the brakes through visual and audible signals. If the driver does not apply the brakes strongly enough, BAS PLUS automatically increases the braking pressure, including an emergency stop, if necessary. The system is active in the speed range to approx. 70 km/h.

Total visibility in the blind spot as well. Collisions when turning are very frequent and generally have serious consequences. This particularly applies to accidents with trucks and unprotected traffic participants like pedestrians or bicyclists. Blind Spot Assist from Mercedes-Benz helps to prevent such collisions. It gives truck drivers reliable warnings of dangers when turning in situations with limited visibility. Institutions like the German Insurance Association (GDV) assume that Blind Spot Assist could help prevent half of all accidents between trucks and pedestrians or bicyclists. The number of associated deaths could be reduced by nearly a third.

Training programs for greater safety. The EU Directive 2003/59 obligates professional drivers in goods and passenger transport to regularly educate themselves on safety issues. In 2008, Mercedes-Benz was the first truck manufacturer in Germany to offer a government-certified safety training program. Since then we have trained more than 55,000 drivers, and driver training has meanwhile become an integral part of Mercedes-Benz's training programs.

Customers

Culture of customer orientation – customer dedication. We sell our products and services in nearly all countries of the world. That is why we attach great importance to our ability to address in detail the partly very different wishes of our customers in every market. To this end, since 2013 we have been aligning and organizationally reinforcing our corporate structures to our five business divisions even more strongly. The corporate departments are also better aligned to the market requirements from the business divisions. For us, customer dedication is not a purely organizational measure but one with which we associate the goal of reinforcing the customer orientation culture throughout our entire company.

Improving customer satisfaction. All of our business units have established quality management systems for the continuous monitoring and improvement of customer satisfaction. Since 2006, we have been implementing the program “CSI No. 1 – Delightful Customer Care” on a sustainable basis. The program has a worldwide orientation and is aimed at making us Number 1 in customer service. Country-specific CSI action plans are agreed and implemented on the basis of international benchmark studies, internal data surveys, and customer surveys. Processes and behavior patterns in all sales stages and at all hierarchical levels are to be continuously and sustainably developed to ensure maximum customer orientation. Finding the right balance of rational and emotional elements is decisive for achieving the highest possible acceptance among all target groups. The measures include training courses, dealer consulting and coaching, and process improvements, as well as the integration of key figures relevant for customer satisfaction in the monetary control instruments in Sales and Marketing and in Service.

Mercedes-Benz Cars has become firmly established at the top of many rankings for years. Customer satisfaction at Mercedes-Benz Trucks has also been visibly improved since the introduction of CSI No. 1 in 2012. Accordingly, the Spanish and German national companies were ranked No. 1 in the industry benchmark in the area of sales; the French and Italian markets moved up to No. 2. In the area of workshop service, Germany and Spain also moved up from third place to being No. 1. It is planned to expand the CSI program to as many as 11 truck markets by the end of 2015.

In the course of the increased alignment of our corporate organization to the business divisions we have introduced a divisional key account system at Daimler Financial Services, which enables us to offer financial services that are customized to an even greater extent for our customers.


 [Mercedes-Benz growth strategy for marketing and sales: Online 321](#)

 [Internal vehicle quality study: Online 322](#)

Customer service and workshops: Those who buy our vehicles receive products of outstanding quality and wish to receive great service during the period of use, such as close contact with the customer service department, individual advice, effective processing of warranty and damage claims, first-rate maintenance, and optimum parts supply. Quick and targeted assistance is ensured by customer centers and service support points, which listen to customer concerns around the clock.

 [Customer services in the business divisions: Online 323](#)

Focus on individual wishes – for people with disabilities as well. For us, individual customer orientation means taking the needs and interests of our customers seriously. That is why no two vehicles rolling off the lines in our plants are exactly the same. The special Mercedes-Benz program “Ex-Factory Driving Aids,” which is offered in Germany, Austria, Switzerland, and Luxembourg today, is directed at people with physical disabilities. The program offers steering and operating aids such as hand-operated gas and brake pedals, as well as vehicle entry aids such as hydraulic lifts for passengers. Mercedes-Benz currently operates 23 “More Mobility Centers,” where specially trained sales staff are glad to advise and assist customers. We are continuously expanding this network of service centers. In Germany, Mercedes-Benz also offers disabled people special terms for almost all passenger car model series. In 2012, Mercedes-Benz developed the “Educated Comfort” demonstration vehicle, adapted to the special needs of older drivers with adapted ingress and egress and improved vehicle loading possibilities. In the next step, the vehicles will be produced in small series for the market entry.

 [Mobility and driving assistance systems:
www.mercedes-benz.de/fahrhilfen](#)

Information and advertising. All our advertising, sales promotion, and sponsorship campaigns are subject to an in-house audit procedure to ensure that they are in compliance with the applicable laws and Daimler’s standards and codes of conduct. We also observe industry principles such as the European advertising sector’s Code of Ethics. As a matter of principle we avoid the use of violent, discriminatory, sexual, or religious elements in our advertising. Respect for foreign cultural norms and religious beliefs is a particularly important concern in our international campaigns.

Sustainability issues are increasingly taken into account in brand and product communications. For example, Mercedes-Benz’s BlueEFFICIENCY systems include a range of innovative technologies that enable a marked reduction in fuel consumption and emissions. The topic of sustainable mobility is also becoming increasingly prominent at motor shows. For example, in September 2014, the new S 500 Plug-In Hybrid and the new B-Class Electric Drive were among the product highlights at the International Motor Show (IAA) in Frankfurt am Main, Germany.

Consumer protection

Daimler AG is intensively involved in consumer protection issues and has established systematic safeguards in this area. All Daimler products are subject to top quality and safety requirements throughout their entire life cycle. In this context, the quality management systems used in the individual units play an important role. Requirements for avoidance of product flaws and preventive measures for the protection of customers are additionally defined in the product safety policy of Daimler AG. These requirements are monitored through periodic audits.

We are obligated to instruct users of our products about their use and possible risks associated with it, to warn against dangers and to label our products. These requirements are also described in our product safety policy. In the context of our product responsibility we also fulfill the requirements according to REACH and CLP in Europe.

We abstain from publishing a detailed report of possible violations. Due to the absence of any legal obligations or industry-wide standards, comparability with the competitors would not be ensured in our view.

Product information for our customers. Our service booklets and operating instructions tell customers how to save fuel and use their vehicles in a safe and responsible manner. We provide additional information online. For example, the Mercedes-Benz website provides interactive owner’s manuals and detailed service information for our customers. The Mercedes-Benz Service app, which includes numerous features for mobile use, can also be downloaded from the website. The Guideline for Rescue Services is also available online with instructions for quick rescue of accident victims from Mercedes-Benz vehicles.

Mercedes-Benz Bank. As part of the Daimler Financial Services division, we are aware of our obligation to our customers. That is why we attach great importance to ensuring extensive transparency and top quality in all areas of our customer business – from investment counseling to loan approval and leasing agreements for vehicle purchases. In this process, it goes without saying that we conduct our activities on the basis of the legal consumer protection requirements. As a member of the Bankers’ Trade Association we have signed a code of conduct which regulates our dealings with customers relative to granting installment credits and credit lines. We guarantee that all relevant information on credit and loan agreements will be fully available before the contract closing, and will be elaborated by us upon request. We handle customer data with extreme sensitivity and care.

Corporate environmental protection.

We pursue an integrated approach to corporate environmental protection. That is why we start with the causes of potential negative environmental effects. We minimize negative effects of our activities with the help of effective environmental management systems and state-of-the-art technologies. We promote climate protection, conserve valuable resources, and contribute to the preservation of a livable environment – at our locations and beyond.

We have formulated our requirements for a comprehensive system of environmental protection in the environmental and energy guidelines of the Daimler Group. Detailed specifications for the Group-wide environmental management system are defined in the Environmental Management Manual. In addition, we have internal standards for handling hazardous materials, waste management, and the prevention of soil and water contamination.

 [Our Environmental and Energy Guidelines: Online 401](#)

Organization. On behalf of the Daimler Board of Management, the Member of the Board of Management of Daimler AG, Group Research & Mercedes-Benz Cars Development represents the environmental concerns of the Group. Different organizational units ensure the central management, networking, and communication of environmental issues:

- The Chief Environmental Officer is mandated by the Board of Management to coordinate the Group-wide environmental management activities and to advise the company's management on environmental issues.
- The Corporate Environmental Protection unit coordinates the operational requirements of the Group-wide environmental management function which include analyses of the legal requirements, definition and advancement of environmental protection standards, environmental reporting, and production-related environmental protection risk management.
- Regional committees in Europe, Asia, North and South America ensure that local and regional conditions are taken into account in production-related environmental protection measures and that the related activities are appropriately managed in coordination with the Corporate Environmental Protection unit and the Group's Chief Environmental Officer.

Training. We regularly organize awareness and training programs for our employees and managers with a focus on the practical applications of operations-related environmental protection and questions concerning environmental responsibility. We also train our auditors on audits of our environmental management systems of our plants. In addition, our “refresher courses” on environmental management allow participants to exchange ideas and experiences.

Control. In order to eliminate or reduce environmental risks in advance, we regularly audit our locations in accordance with globally uniform standards. Suppliers must observe our sustainability requirements and are expected to operate with an environmental management system that is certified according to ISO 14001, EMAS or other comparable standards. In addition, our

Mercedes-Benz specifications define requirements for the environmental compatibility of our component deliveries. Furthermore, the Mercedes-Benz contract terms contain requirements concerning materials selection, banned substances, and recycling requirements, as well as compliance with environmental legislation.

 [Environmental risk analysis: Online 402](#)

 [More about sustainability requirements in the supply chain: p. 64](#)

Certification. Our production locations worldwide are certified in accordance with ISO 14001 and are regularly audited to determine whether they meet the requirements of this environmental management system. As a result, over 98 percent of all Daimler employees work within the framework of a certified environmental management system. In addition, almost all German locations are certified in accordance with the EU Eco Management and Audit Scheme (EMAS). A total of 18 locations – including our major plants – already have energy management systems that are certified in accordance with ISO 50001.

 [Environmental statements of the plants: Online 403](#)

Environmental protection costs. Our investments in environmental protection plant and facilities with integrated environmental protection features amounted to around €108 million in 2014 (previous year: €140 million), whereby integrated environmental protection features are not clearly separable. Current environmental protection expenditures for personnel, operations, and waste disposals were at €432 million (previous year: €432 million). Our Group-wide expenditures for development projects relating to environmental protection, such as alternative drive systems, state-of-the-art emission control technologies, and efficiency increases in the vehicle, amounted to €2.4 billion (previous year: €2.5 billion).

Principles of data collection. In our recording of environmental and energy data we take into account all relevant locations which are majority owned by Daimler AG. Details on the approach and procedure are provided in the Internet.

 [Data overview and details on the collection of data: Online 404](#)

 [Calculation of CO₂ emissions: Online 405](#)

Energy efficiency and low-carbon production

Objective. Our Group-wide target is a 20-percent reduction in production-related CO₂ emissions per vehicle between 2007 and 2015. For the European plants we have set the additional target

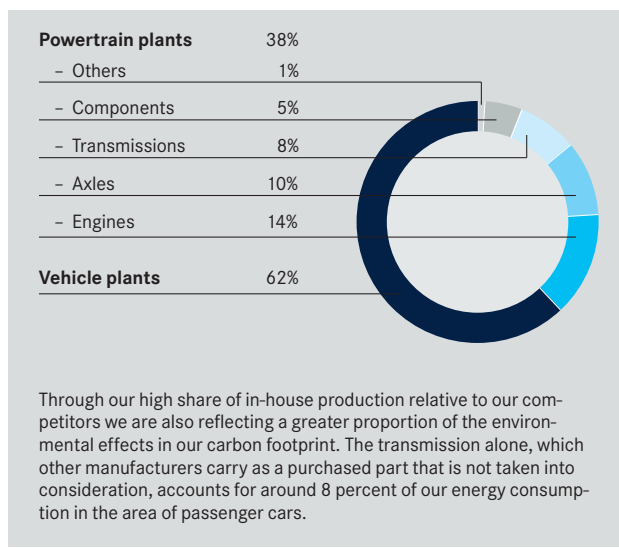
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Daimler Group – energy consumption

	2008	2009	2010	2011	2012	2013	2014
GWh							
Fuels	284	272	328	325	322	315	305
Coal/coke	191	140	169	181	139	69	61
Liquid gas	100	119	92	96	99	108	98
Heating oil	161	135	97	104	84	78	55
Natural gas	4,412	3,523	4,072	4,161	4,305	4,971	4,922
District heat	989	907	1,085	913	949	973	824
Electricity	4,788	3,856	4,456	4,685	4,870	4,545	4,586

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High level of vertical integration at Mercedes-Benz Cars and effect on energy consumption structure



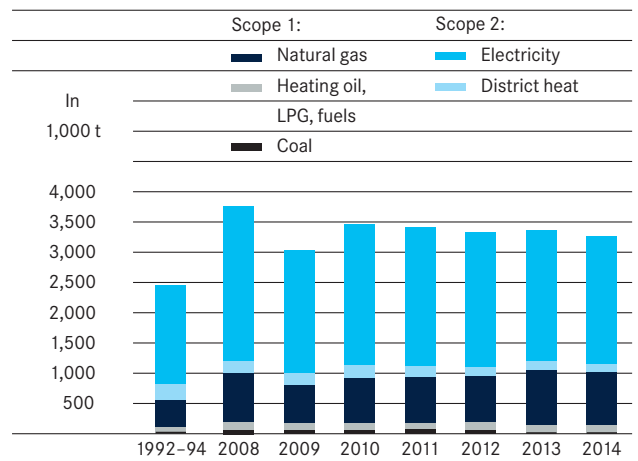
of reducing absolute CO₂ emissions by 20 percent relative to the 1992-1994 reference period. To achieve these goals, we are introducing new energy-saving production methods, increasing the efficiency of existing processes, using low-carbon energy sources, and relying on renewable energy wherever possible.

CO₂ emissions. Despite the significantly increased production output, all of these measures and the mild weather led to a 1.9-percent decline in energy consumption and a 2.6-percent decrease in CO₂ emissions in 2014. The total emissions presented in the chart result from the combustion of fossil fuels and purchases of electricity and district heat from third-party energy producers.

Climate-friendly energy supply. For the heating of our plants we use low-carbon natural gas and, where available, district heating. In many locations, we have highly efficient cogeneration facilities in use, which are operated by Daimler or by a regional provider. The concerted expansion of decentralized combined heat and power (CHP) units is an important pillar of our eco-friendly energy supply system. From 2011 to 2014 we set up more than 27 CHP modules with a capacity of around 160 MW. With these modules alone, we can cover around 6 percent of our electricity and heating requirement under optimized CO₂ conditions.

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Direct and indirect CO₂ emissions from production



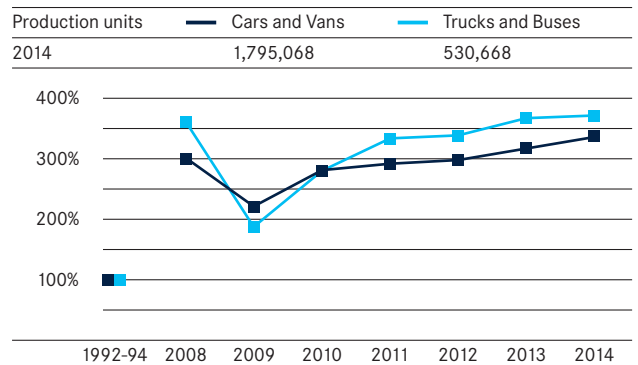
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Direct and indirect CO₂ emissions of the Daimler Group

	1992-94	2008	2009	2010	2011	2012	2013	2014
1,000 t								
Scope 1	541	1,009	823	932	955	960	1,052	1,030
Scope 2	1,895	2,770	2,212	2,550	2,481	2,376	2,304	2,241
Total	2,436	3,779	3,035	3,482	3,436	3,336	3,356	3,271

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Annual vehicle production Daimler Group (1992 = 100%)



In order to have the appropriate correlation with our environmental data, we only count the production from plants which are majority-owned by the Daimler Group.

Since no minority participations in companies or external contract production are included, the production volume is lower than cited sales numbers might indicate.

In several locations in Germany, the U.S., and India, we operate photovoltaic installations on our roofs or provide roof space for the use of operating companies. More than 65,000 square meters of roof space are used for CO₂-neutral electricity production in this manner.

In addition, we also report the upstream and downstream CO₂ emissions for the Mercedes-Benz Cars business unit (scope 3). For the upstream production phase this amounts to 13.7 million tons of CO₂. For the service life phase (150,000 km) the figure is 33.3 million tons for the vehicles sold in 2014.

Saving energy. Our energy projects at all locations are operated on the basis of exact record-keeping through a dense network of automatic electricity meters. In line with this, we design our energy-saving measures in accordance with four points.

1. To avoid unnecessary use of energy during production breaks, we use intelligent switch-off and stand-by controls.
2. Furthermore, we are dealing with energy waste through compressed air leaks, heat losses and excessive process requirements (e.g. temperature specifications). In these areas, there is reduction potential not only in the production processes themselves, but also in the building infrastructure with heating, air conditioning, and ventilation.
3. We achieve the most significant efficiency increases by replacing old production facilities with modern plant technology and new building construction.
4. The success of an energy project depends, not last, on the employees' commitment. That is why we are raising our employees' and managers' awareness of energy issues with the help of events and communication measures. In addition, energy-saving suggestions are rewarded within the scope of the company suggestions system.

[Energy efficiency project in Sindelfingen: Online 406](#)

Air purification

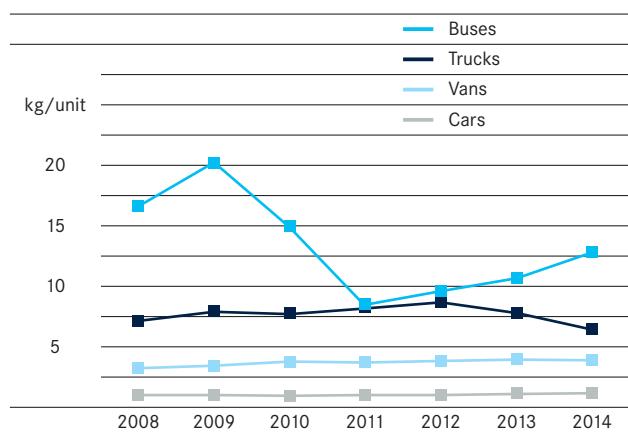
Solvents (volatile organic compounds or VOCs) in particular are released during vehicle production. In addition sulfur dioxide (SO₂), carbon monoxide (CO), nitrogen oxides (NO_x), and particulates are also emitted into the atmosphere. Damaging substances have only been emitted into the ozone layer in negligible residual amounts since we introduced the almost exclusive use of refrigerants that are not damaging to the ozone layer. As a trailblazer in the introduction of largely solvent-free paint systems, we have already achieved a drastic reduction in solvent emissions over the last decades; in particular at Mercedes-Benz Cars we are benchmark in the competitive comparison. We are also unlocking further reduction potential through the use of state-of-the-art technologies, primarily in the painting of commercial vehicles and major components.

[Absolut VOC, CO, SO₂, NO_x emissions: Online 407](#)

[Avoidance of emissions in the foundry: Online 408](#)

24

Specific solvent emissions (VOC) per vehicle



Emissions increased at Buses because the division produced more complete buses and fewer bus chassis.

Waste and resource management

The recycling and reuse of raw materials, indirect materials, and supplies in our plants has been a self-evident activity for years. Exceptional circumstances (see Table 25) caused the recycling rate to drop to 85 percent in 2014. Our innovative technical processes and environmentally sound production planning additionally enable us to avoid waste from the very start. With a view to meeting our special responsibility as waste producer, we regularly audit the waste disposal operators for our production plants in accordance with an established process. Waste exports into other countries do not take place.

[Innovative process minimizes waste volumes: Online 409](#)

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Waste volumes

	2008	2009	2010	2011	2012	2013	2014
1,000 t							
Waste for disposal	69	43	64	68	65	74	82
Waste for recycling (without scrap metal)	228	144	191	214	254	222	232
Scrap metal for recycling	751	544	698	790	778	821	863
Hazardous waste for disposal	19	25	32	17	22	42	116
Hazardous waste for recycling	60	44	52	63	66	68	70

The increase in hazardous waste requiring disposal was due to a reclassification of used foundry sand. We have initiated measures to reduce this waste.

Resource management. As a company from an industrial sector which consumes large amounts of materials, we strive to plan material use carefully and to employ finite resources as sparingly as possible. We purchase a large part of the materials used in our vehicles from suppliers in the form of components. Although the environmental effects of purchased components are not directly included in the assessment of our environmental performance, they are taken into account in our holistic assessment of product development and selection of materials. Under this assessment method, which we have used for our passenger cars thus far, we extrapolate the entire use of materials in the production chain in additional consideration of the waste flows. Because of the size and complexity of the Daimler Group, it is impossible to analyze the material flows in greater detail in the context of Sustainability Reporting. However, details on individual model series are provided in the respective life cycle reports.

[Topic "Resource efficiency: key to the future": pp. 24 f.](#)

[Product development and material selection: pp. 47 ff.](#)

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Materials used in vehicle production

	2008	2009	2010	2011	2012	2013	2014
million t							
Metallic materials	3.9	2.7	3.4	3.9	4.0	4.4	4.7
Other materials	1.1	0.8	1.0	1.1	1.2	1.3	1.4

The material balance is based on the known material composition of representative vehicles, multiplied by the number of units sold. The calculation of this Group result is subject to a large number of uncertainties.

Through the use of efficient technologies we have reduced the use of scarce resources to the absolute minimum. We plan the recycling of materials at the end of the product life cycle as early as in the development stage. In addition, we also remanufacture used parts to a great extent. This yields economic benefits for the customers and conserves resources.

🔗 [Topic "Remanufacturing": pp. 26 ff.](#)

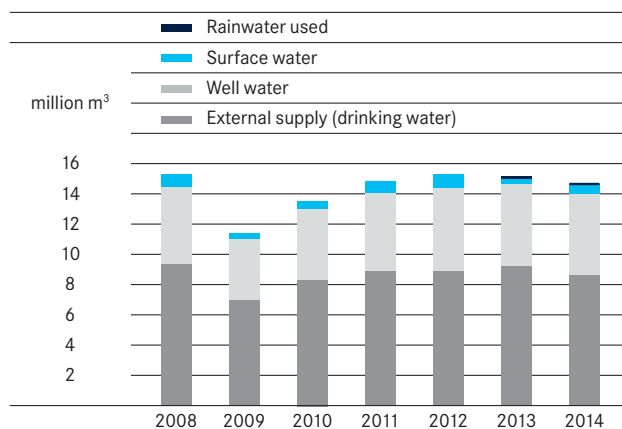
🔗 [Recycling of components of electromobility: p. 53](#)

Water pollution control

Our goal is to prevent water pollution. We keep the use of the natural resource 'water' as low as possible, especially in countries with dry climates.

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Water consumption



The great majority of our plants do not channel their waste water directly into lakes and rivers, but only after pretreatment in local effluent treatment plants via the public sewage system. Detailed information on the various wastewater parameters is provided in the environmental declarations of our EMAS-certified plants.

🌐 [Effluent-free factory: Online 410](#)

🌐 [Environmental statements of the plants: Online 411](#)

🌐 [Water quality control through ground filters: Online 412](#)

Logistics and employee transport

The incoming and outgoing delivery traffic in our plants as well as the distances our employees travel for work and business also affect our environmental balances through emissions, noise, and use of resources. We minimize the environmental effects of these transports through the use of an efficient logistics system and of rail and waterway transport. We replace business travel by telephone, video or online conferences wherever possible and expedient. Employees at the Sindelfingen and Stuttgart locations receive discounted yearly passes for the public transit system. Truck deliveries to our German plants, to the Hungarian plant in Kecskemét, and the plant in Vitoria, Spain are monitored centrally. The CO₂ emissions can be approximated on the basis of the tonnage and truck kilometers traveled.

🌐 [Optimization of transport logistics: Online 413](#)

28

Truck shipments of suppliers in Germany and Vitoria, Spain, and Kecskemét (Hungary)

	2010	2011	2012	2013	2014
Truck kilometers (in millions)	135	159	166	173	218
Cargo (in million t)	3.7	4.4	4.4	4.3	4.9
CO ₂ emissions (in 1,000 t)	101	119	133	139	171

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CO₂ emissions from business travel (starting from Germany)

	2010	2011	2012	2013	2014
1,000 t					
Train	0.7	0.8	0.9	0.8	0.8
Plane	51.3	66.4	72.4	73.2	80.0

Conservation of nature, land use, and biodiversity

Our production plants cover a total area of around 5,200 hectares, 65 percent of which are occupied by buildings and transport areas. Because land is a limited public good, we use these areas as efficiently as possible through dense, multi-level building development. We also design outdoor areas within our plants to serve as a habitat for indigenous plants and animals. In this way, we can facilitate biodiversity even amidst the industrial architecture. For example, peregrine falcons have found a new home on chimneys of our plants in Wörth and Sindelfingen. In the Tuscaloosa plant, natural vegetation and beavers with their dams ensure the retention and preliminary sedimentation of rain water. Due to the way we use land and our plant locations in industrial zones, no significant negative effects on endangered species are to be expected.

Biodiversity index. To better measure the effect of our activities, we have developed a biodiversity indicator whose practical viability is currently being tested in several plants. The indicator categorizes our horizontal and vertical areas in accordance with their environmental value. In future, this indicator will enable us to set targets for our plant-specific environmental protection program, and to clearly evaluate the progress that has been made.

🌐 [More on the biodiversity indicator: Online 414](#)

Soil and groundwater. We eliminate any soil and groundwater contamination in advance as far as possible. An internal guideline provides minimum standards for the handling of soil and groundwater contamination for all locations. The requirements frequently extend beyond the local legal regulations. Compliance with these requirements is reviewed in the framework of our worldwide audits. In 2014 there were no significant accidents associated with soil or groundwater damage.

Employees.

Around 280,000 people worldwide are using their power and skills to contribute to the success of our company. Fair and trusting relationships with employees are more than just an ethical and legal requirement for us: Without them we would not be able to conduct our business successfully.

Human resources strategy and objectives. Our human resources strategy is firmly anchored in our Group-wide sustainability strategy. It is geared towards five strategic objectives: profitability, competitive workforce, excellent management skills, high attractiveness as an employer, and professional HR organization.

[HR target system: Online 501](#)

Areas of action. We have derived twelve key areas of action from these objectives – ranging from generations management to topics such as diversity and equal opportunity or to life balance and the qualification training of specialists in the growth markets. For each area of action we have defined specific objectives that are also reflected in the target agreements of our managers.

[All HR key figures: Online 502](#)

[Management approach and HR organizational structure: Online 503](#)

[The HR Scorecard management tool: Online 504](#)

Principles and guidelines. In our internal principles and guidelines, such as our “Principles of Social Responsibility,” we commit ourselves to observance of employee rights, among other things. We also require the same from our business partners and suppliers. For violations of our principles, we have established a complaints process together with the employee representatives in which each case is centrally documented and processed.

Safeguarding employment. We strive to safeguard the employment of our employees on a permanent basis. Our “Safeguarding of the Future of Daimler” agreement contributes to achieving this aim. In addition, we also use flexible working-time models and collectively agreed framework conditions, which enable us to make use of market opportunities and absorb fluctuations in

demand better. At the same time, these agreements help us respond more effectively to rising manpower requirements in certain areas.

[Work more flexibly, safeguard the future: Online 505](#)

[Employees by regions and business divisions: Online 506](#)

Employee representation and co-determination. Our employees have the right to organize themselves in labor unions. We also ensure this right in countries in which the freedom of association is not protected. More than 95 percent of our employees in Germany and more than 80 percent of our employees worldwide are covered by collective bargaining agreements. Our employees in Germany have extensive co-determination rights which are regulated by the German Labor Management Relations Act. We work closely together with the employee representatives both regionally and at the international level. At the corporate level, ten members of the Supervisory Board represent employee interests. Moreover, we maintain a continuous dialog with our social partners even beyond the scope of the legal co-determination rights.

[Employee rights and employee representation: Online 507](#)

[Human rights and employee rights: pp. 43 f.](#)

[Commitment to international principles and initiatives: pp. 38 f.](#)

[Our main principles and guidelines – texts: Online 508](#)

[BPO – a point of contact for whistleblowers: p. 45](#)

[Employee rights and supplier management: p. 64](#)

Employer of choice

Employees’ opinions are important and valuable to us. How committed are our employees to the company? How strong is their motivation? How satisfied are they with their work situation and with the leadership provided by their supervisors? We get answers to such questions through our worldwide employee survey. The feedback provided by our employees helps us to advance our organization and leadership culture on a continuous basis. If the results of the survey indicate a need for improvement, we address the need in the follow-up process of the survey.

With the group employee survey in 2014, we again achieved a high participation rate of 70 percent – which shows that our employee survey is accepted as a feedback instrument. The good rate also shows that our employees have an interest in getting involved and in further developing the company.

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Fluctuation rate

	2012	2013	2014
In percent			
Group (worldwide)	4.9	4.4	4.9
Germany	3.4	2.1	2.7
U.S.	7.2	9.5	5.8
Rest of world	7.3	7.5	9.3
Women (worldwide)	5.3	5.2	5.7

The results of the employee survey flow into our Employee Commitment Index (ECI), which in 2014 remained at the same level of the last full survey conducted in 2011. In the international benchmark comparison we thus continue to be above the worldwide average, and are even significantly above that level in individual regions. However, we did not score well in all areas. That is why in 2015 the main focus will be on determining needs for action and initiating required measures in areas where we did not score well. We will then measure our success in implementing the measures at our next employee survey in 2016.

[Topic "Employee survey": p. 17](#)

Attractive and fair: compensation at Daimler. Daimler relies on the abilities and efforts of its employees. We remunerate the work they perform in accordance with the same principles at all affiliates around the world. Our Corporate Compensation Policy establishes the framework conditions and minimum requirements for this. In our desire to offer attractive salaries and other benefits we also give consideration to local market conditions within the specified framework. We audit the local compensation systems on a regular basis through sampling procedures.

[Corporate Compensation Policy: Online 509](#)

Salaries and minimum wage. The salaries are determined on the basis of the employees' tasks and performance, as well as in line with their qualifications and experience. We pay salaries customary for the market and the industry, which are significantly above the legal minimum wages that apply for many locations. In addition to the statutory minimum wages, salaries and wages are often determined by collective bargaining agreements. In the event of union affiliations, our affiliates generally offer additional voluntary benefits. For example, the employees of Daimler AG in Germany currently receive compensation that is significantly above the pay specified in collective bargaining agreements.

Equal pay. In setting the base remuneration we are not guided by gender or origin, but exclusively by the employee's job and responsibility, and thus eliminate any form of discrimination. Salary decisions are made on the basis of the multiple-eye principle. Transparency is ensured by regular income reviews. In addition, the principle of "equal pay" also applies for temporary employees, who are paid in accordance with the collective bargaining agreements for the metal and electrical industries during their assignments in the commercial sector.

Compensation of managers. The more responsible the position, the higher the variable remuneration component. On the one hand, the variable component takes into consideration the company's performance. On the other, it is based on the extent to which the manager has achieved the individually agreed targets, which are discussed between managers and their superiors as part of a worldwide uniform process. Sustainability criteria also play a role in this context. For example, we also agree on diversity and compliance targets with our managers – depending on their respective function and level.

[Performance assessment and target-oriented leadership: Online 510](#)

Company pension plans. Upon retirement, our employees can generally expect to receive attractive company pensions – in addition to the statutory and privately financed benefits. This applies to both full-time and part-time employees. Depending on the country and company, we offer defined benefit or defined contribution pension plans. In addition, employees can also make additional provisions for retirement by converting parts of their earnings into pension contributions. We cover our pension obligations predominantly with suitable pension assets and protect them against insolvency.

[Company pension plans at Daimler: Online 511](#)

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Expenditure on pension provisions at the Daimler Group

	2012	2013	2014
in billions of €			
Cash values of pension liabilities on Dec. 31, 2013 ¹	23.9	23.2	30.1
Payments to retirees	0.8	0.8	0.8
Expenditure on state and third-party pension plans	1.4	1.3	1.4

¹ This cash value is heavily dependent on the balance sheet assessment parameters defined each year, in particular the discount rate.

[Figures and more detailed information: AR 2014, pp. 234 ff.](#)

Diversity management

Our employees and our customers are becoming increasingly international and diverse. This diversity challenges us and at the same time provides us with a valuable resource. Under the motto "I'm one of you," Diversity Management creates the general conditions for a culture of diversity, which include clear rejection of any form of discrimination, the creation of a work environment that is free of prejudice as well as awareness-building and training measures, particularly for our managers.

Diversity Management begins on the Board of Management and extends to each individual employee. All members of the Board of Management support our Diversity Statement and actively advocate for the realization of its principles:

- **Promoting diversity.** At Daimler, we respect and appreciate the diversity of our employees. We encourage them to contribute this diversity to the company.
- **Creating connections.** We utilize the multifaceted experiences, perspectives, and skills of our employees around the world. They reflect the diversity of our customers, suppliers, and investors.
- **Shaping the future.** Each individual makes a contribution to creating an environment characterized by respect and mutual appreciation. This is how we are shaping Daimler's future together.

In order to implement all of this in the company, our Diversity Management concentrates on four fields of action: Gender Diversity, Generations Management, Interculturality, and Work Culture.

Promotion of women in management positions. Daimler has the self-designated goal of increasing the share of women in management positions in the Group by 20 percent by the year 2020. Right now about 14 percent of our executives in middle and upper management are women. To achieve our objective, we are promoting women through special programs. This applies in particular to female professionals from engineering and technology. In 2014, 40 percent of the trainees who entered the company through our CAREer program were women.

 [Development of the percentage of women: Online 512](#)

Generation management. The demographic transformation will lead to changed employee structures in the next ten years. While the average age of our employees at present is 44 years, it will rise to about 47 years by 2024. One in two employees of Daimler in Germany will then be 50 years or older. In addition, with the increase in the retirement age the generation diversity in our businesses will also increase. Today, our teams are staffed by four generations of employees with their own ideas, abilities, and strengths, who present special challenges for the work environment. To enable us to benefit from the advantages of this generational diversity for the company, we are encouraging mutual respect among all age groups in their everyday work, and promote productive collaboration.

With the help our Generations Management we are dealing with these challenges by adapting the framework conditions to the changing employees. In addition, we strive to raise our managers' awareness and strengthen employees' personal responsibility, with a view to maintaining the health and performance capability of employees of all generations on a lasting basis.

 [Generations Management activities: Online 513](#)

Interculturality. Daimler earns 80 percent of its revenues outside Germany. We are present at 90 locations on five continents. Our employees come from more than 140 countries and a wide variety of cultures. The majority of our managers abroad come from the respective regions. Our employees' diverse cultural backgrounds help us to better understand the wishes of customers in the various regions and to tailor our products accordingly. We support our employees with worldwide staff assignments, mentoring, intercultural skills training, and targeted recruiting measures. For example, international applicants account for about one-third of new employees hired through our CAREer trainee program. Our goal: Their quota is to rise to around 50 percent by the year 2020.

 [International mentoring program: Online 514](#)

Flexible working arrangements. Today, many employees attach great value to the ability to structure their working hours individually. Frequently, this is the only way they can balance their professional and personal lives. Our goal is to offer them appropriate conditions for this. Accordingly, Daimler in Germany provides more than 300 different flexible working arrangements. This is a special plus for us as Employer of Choice when it comes to attracting qualified young trainees and managers.

All our employees in Germany are entitled to parental leave. Of those who took advantage of this possibility in 2014, around 60 percent were women and 40 percent were men. Almost all our employees who took parental leave later returned to their jobs in the company. Furthermore, works agreements additionally enable employees to suspend their careers for up to five years – with the guarantee that they can return to Daimler afterwards.

In Germany alone we have set up 570 nurseries for children under the age of three in the close proximity of our sites. In addition, a quality-certified online platform is available to support employees in finding appropriate childcare solutions, ranging from nannies to “surrogate grandparents.”

To enable managers at the level of team and department manager to work in more flexible arrangements, we promote a system of job sharing. Currently, more than 30 job-sharing pairs take advantage of this possibility at Daimler with respective working arrangements of up to 30 hours per week.

 [Examples of flexible work: Online 515](#)

 [Weekly working hours and overtime: Online 516](#)

 [Diversity key figures: Online 517](#)

Development and advancement

We are competitive and innovative only if we can attract and bind highly qualified employees to our company. To this end, we are supported by custom-tailored programs and promotional measures in all important phases of employees' individual training and career paths.

Vocational training. Our industrial-technical and commercial vocational training, as well as our study programs at the Cooperative University, enable us to secure the majority of young employees we require. To keep abreast with the latest developments, we continuously expand our job portfolio as required. In Germany, the Daimler Training System (DAS) ensures the high quality and efficiency of our technical vocational education.

With our international exchange programs for trainees and trainers, we create the basic requirements for mobility and flexibility, as well as for foreign language and intercultural skills. In 2014, more about 70 trainees and two trainers had a chance to gather their first international experience in countries like Spain, Hungary, the United Kingdom, Ireland, Sweden, Romania, and Turkey.

In addition, we are continuously internationalizing our training activities in order to achieve high training standards throughout the Group. For example, we have developed the Mercedes-Benz Qualification System (MBQS) for our international passenger car locations. The program sets the framework conditions for the development of required qualifications abroad. Furthermore, we are also establishing cooperative university elements outside Germany.

Currently, Daimler employs a total of 8,346 trainees (2013: 8,630), including 1,773 abroad (2013: 1,964). We are in the process of training another 1,400 young people (2013: 1,300) as part of cooperative agreements with schools at international locations.

 [Vocational training at Daimler: Online 518](#)

 [Cooperative University at Daimler: Online 519](#)

Recruiting and developing new talent. Our broad range of career entry and qualification training programs is directed at talented young people who are offered development prospects in our company. These include study programs at cooperative universities, support programs for students (Daimler Student Partnership), the FacTS sponsorship program for young skilled workers, the Group-wide CAREer trainee program, and the Daimler Academic Programs, which offer bachelor's and master's degrees or even an academic certificate.

[FacTS sponsorship program: Online 520](#)

[Daimler Academic Programs: Online 521](#)

[CAREer trainee program: Online 522 / \[www.career.daimler.com\]\(http://www.career.daimler.com\)](#)

Training and skills upgrading. In keeping with the principle of lifelong learning, we enable our employees to obtain further education and training – professional as well as personal – throughout their careers. In doing this we increasingly rely on E-learning and electronic means of communication. Once a year, superiors and employees meet to discuss qualification topics and agree on appropriate measures.

Continuing education is regulated by the general works agreement on qualification, which also provides that employees can leave the company for up to five years in order to obtain additional qualifications, and can subsequently return to the company. We give this opportunity to around 500 employees each year. Moreover, managers can facilitate employee qualification efforts through time credits and financial support.

The Daimler Corporate Academy (DCA) provides an integrated globally consistent qualification program for our specialist and management staff, who are provided with the same high-quality offerings, often in their respective national languages in many locations. The program covers the areas of management, specialist knowledge (HR, Finance, Procurement, IT) and cross-functional knowledge. In addition, the DCA also supports the strategic cooperative ventures of the corporate Group with customized offerings.

[Key areas of qualification: Online 523](#)

[Program "Professionals on the Move": Online 524](#)

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Qualification of employees in Germany

	2012	2013	2014
Investments in employee qualification (€ millions)	112	107	121
Qualification days per employee (total)/year	4.0	4.1	4.1
Qualification days per woman employee/year (recorded beginning in 2011)	4.3	4.2	4.3
Qualification hours per employee/year	28.0	28.7	28.7

Health management and occupational safety

Demographic change and the transformations in the working world affect the performance of our employees. This creates a requirement for forward-looking sustainable solutions aimed at maintaining the health and physical well-being of employees.

[Key figures for occupational health and safety: Online 525](#)

Organization and guidelines. The Daimler Group operates on the basis of globally uniform principles of prevention, which are tailored to national laws and international standards. Our Health & Safety unit is responsible for occupational medicine and occupational safety, occupational health, ergonomics, social counseling, and integration management. In addition, our health management and occupational safety are integral elements of our risk management system.

[Lighthouse projects and initiatives: Online 526](#)

[Ergonomic design of work stations: Online 527](#)

[Social counseling for managers and employees: Online 528](#)

[Activities to combat HIV/AIDS: Online 529](#)

Company health promotion at Daimler is aimed at motivating employees to develop healthy lifestyles and to reinforce their sense of personal responsibility on health issues. It creates incentives for health-conscious behavior and promotes a healthy environment with the help of campaigns, counseling, and qualification offerings, as well as therapeutic and rehabilitation measures. The annual campaign in 2014 ran under the motto 'Good nutrition has many colors.' With nutritional tips, presentations, and cafeteria initiatives, the campaign showed that healthy nutrition can be fun and does not necessarily have to entail sacrifice.

[Portfolio of company health promotion programs: Online 530](#)

[Health campaign 2014: Online 531](#)

Occupational safety includes all measures for the prevention of work accidents, work-related illnesses, and occupational diseases. One of its key principles is risk assessment, which provides the basis for the derivation of preventive measures. Key occupational and health safety processes are standardized in order to enable the creation and advancement of sustainable comprehensive and integrated processes, methods, and systems. Occupational safety objectives must be set, approved, and implemented for every organizational unit on a regular basis in accordance with our occupational health and safety guidelines and occupational safety strategy and the results of audits and reviews. There is an obligation to continuously improve health and safety. The achievement of objectives in health and safety is supported through an effective reporting procedure.

[Occupational safety committees, guidelines, and agreements: Online 532](#)

Occupational and emergency medicine includes all measures for the prevention of work-related illnesses or occupational diseases, health maintenance in the workplace, as well as for diagnostics and therapy after accidents and acute illnesses. It lies within the area of responsibility of our plant and company physicians worldwide.

[Portfolio of occupational medicine: Online 533](#)

Suppliers.

In a global economy based on division of labor, our responsibility does not end at the company's gates. Compliance with sustainability standards must be maintained along our entire supply chain. We promote this through dialog and training, as well as through joint standardization initiatives with other manufacturers. In the event of violations, we take the appropriate steps.

As a globally operating company with more than 62 production locations in 19 countries, our success depends on good, trusting cooperation with our worldwide suppliers. This is also reflected in our procurement volume, which amounts to about half the total revenues of Daimler AG. The collaboration with our suppliers is based on shared values and requirements, which also include compliance with sustainability standards along the supply chain.

Procurement organization and training program. Some 2,700 employees work in our procurement units at more than 50 locations around the world. Through established committees, procurement management ensures cross-departmental networking on sustainability issues and uniform procurement communications within and outside the organization.

Training programs on sustainability and compliance are mandatory for all new employees. In addition, we keep employees up-to-date about new developments. In 2014, we rolled out the web-based training program "Sustainability in Procurement and the Supply Chain" at our worldwide locations.

Our Sustainability Standards

Our "Supplier Sustainability Standards," which were revised in detail in 2013, present our requirements for working conditions, human rights, environmental protection, safety, business ethics, and compliance. They form the basis of any business relationship with producing suppliers and service providers, and are a binding component of the contractual conditions. By signing the contract, our direct suppliers commit to observing the sustainability standards, communicating them to their employees, and spreading them to their upstream value chains. We support them in this through targeted information and training measures. The Daimler Supplier Portal serves as the central information platform.

 [Supplier Sustainability Standards – text: Online 601](#)

 daimler.covisint.com

Environmental management in the supply chain. Suppliers exercise a significant influence on the ecological balance of the Daimler locations. That is why Daimler expects regular proof of certified environmental management according to ISO 14001, EMAS or other comparable standards along the supply chain. Starting January 1, 2015, this requirement will be anchored in our purchasing conditions.

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Social principles for contracts for work and services

Since 2013, the awarding and performance of contracts for work and services has been subject to standards that extend beyond the existing legislation. These standards define the requirements with regard to occupational health and safety, accommodation, remuneration, use of part-time employees, commissioning of sub-contractors, and freelancing. These social principles are relevant for all purchase orders that exceed a period of two months and are realized on the business premises of Daimler AG in Germany. Suppliers are required to fill out and sign a declaration concerning their compliance with the standards. This is a prerequisite for placing new purchase orders. An auditing team from Procurement performs on-site reviews at the suppliers to determine whether the standards are observed and the contracts for work and services are correctly performed.

Dialog and training. For us, sustainability in supplier management is a continuous process that can be successful on a permanent basis only in collaboration with our suppliers. That is why we attach great value to an active dialog with our suppliers worldwide, in which we also include the local supplier industry. We regularly organize supplier events in which we also address our sustainability requirements. In collaboration with other automotive manufacturers, Daimler Procurement also organizes supplier training courses. In 2014, such training programs were conducted in China, Turkey, and Russia. Overall, we have already trained more than 300 suppliers since 2010. In addition, the implementation of sustainability standards in the supply chain is an important topic in our stakeholder dialogs.

 "Daimler Sustainability Dialogue": p. 40

Development of an industry-wide framework of reference

Many challenges and opportunities associated with sustainable management cannot be addressed by individual companies alone. They require industry-wide collaboration along the worldwide supply chain, which additionally increases the effectiveness of the measures. That is why we are active in various national and international trade and industrial associations such as econsense, the Federal German Association of Materials Management, Purchasing and Logistics (BME), the German Association of the Automotive Industry (VDA), the American Automotive Industry Action Group (AIAG), and the European Automotive Working Group on sustainability in the supply chain, which was

founded as an industry initiative within the European corporate network of CSR Europe. The goal of the cross-company collaboration is to develop a recognized company- and industry-wide frame of reference. One result of this collaboration is the development of uniform social and ecological minimum standards, which were published in 2014. The AIAG and the European Automotive Working Group have reached a consensus on these “Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain,” thus ensuring the worldwide applicability of the standards.

As part of CSR Europe we are working intensively with experts from the procurement units of other manufacturers and in the process we have developed and successfully piloted a joint questionnaire with which suppliers can self-assess their sustainability performance. This questionnaire is recognized and used by all companies that take part in this initiative. Daimler will use this questionnaire to assess the sustainability performance of selected key suppliers.

[European Automotive Working Group on Supply Chain Sustainability: www.csreurope.org](http://www.csreurope.org)

www.aiag.org

www.bme.de

www.econsense.de

www.vda.de

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Sustainability Management in the supply chain

Measures	
Preventive	Reactive
Communications	Escalation process for monitoring of suspected violations and complaints
Risk analysis	
Training	
Self-assessment	External sustainability audits
Internal supplier audits	
Media and database research	Consequences in the event of violations
Supplier Sustainability Standards	

Prevention and risk management

The establishment of uniform sustainability criteria and the use of effective control instruments present a special challenge in a value chain that spans the entire world. That is why we have set up an effective system for monitoring our sustainability requirements within our procurement processes.

- **Regular review of our active suppliers.** To identify possible sustainability risks in our supply chain with regard to child labor, environmental protection, corruption prevention, violation of freedom of association or violations of human rights

at an early stage, we conduct a targeted risk analysis of our suppliers by country and commodity at regular intervals.

This analysis enables us to identify suppliers that are subject to increased risk and to derive activities on this basis. In addition, we use media and database research to review cases of actual sustainability and compliance violations by our direct suppliers. We systematically follow up on all reports of violations.

- **Audits of new suppliers.** Particularly in the case of new suppliers from high-risk countries, trained auditors ask specific questions concerning the compliance with sustainability standards during on-site assessments. In addition, we use a self-assessment questionnaire if required.
- **Escalation process for suspected and actual violations.** In the event of a suspected or actual violation against our sustainability standards by a supplier, we follow an established escalation process, which begins with the request for an opinion and explanation of the measures taken to remedy the irregularities. If any doubts remain, we seek direct contact with the supplier or demand a written statement from the supplier’s company management. We work closely together with the employee representatives, especially in cases of suspected human rights violations. We follow up on all reports of violations.

If required, independent auditors conduct special sustainability audits at our suppliers. In justified cases we refrain from placing further orders or terminate the cooperation until it is demonstrated that the irregularities have been remedied.

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Proof of origin of conflict minerals

Due to international crises, certain regions of the world are exposed to the risk that armed conflicts could be financed with the revenues from the sale of raw materials. In order to prevent conflicts arising from the trade with so-called conflict minerals (tin, tantalum, tungsten, and gold), a series of initiatives have been introduced aiming at a declaration of the origin and the responsible procurement of the raw materials. For example, Section 1502 of the US Dodd-Frank Act stipulates that companies listed on US stock exchanges must certify the source of these commodities along the entire supply chain.

In Europe, the European Union also envisages legislation on this matter. Daimler supports an approach for the establishment of responsible procurement of raw materials that is both purposeful and practicable, and engages in regular dialog with industry associations such as the German Association of the Automotive Industry.

Social responsibility.

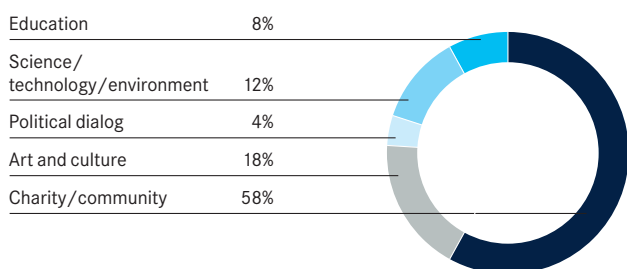
For us, business success and social responsibility go hand in hand. As a company, we strive to design, help, and promote. Together with our employees we help master social challenges in many charitable community projects.

Our global presence offers us the opportunity to co-design the social environment at our locations worldwide, and to support the dialog between the cultures. In this context, we focus on the one hand on fields of action that arise from our role as “good neighbor.” On the other, we are involved in projects in which we can contribute specific expertise and our core competencies as an automaker. In this respect, the main emphasis is on the following issues: promotion of science, education and traffic safety, nature conservation, art and culture, community and charitable commitment, employee commitment as well as dialog and understanding.

We have invested nearly €60 million in funding for non-profit organizations and in sponsorship of socially beneficial projects in addition to our foundation activities and corporate volunteering efforts, as well as projects initiated by us.

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Donations and sponsorship in 2014 (since 2013: incl. taxes)



Control and transparency. The donations and sponsorship committee of the Board of Management manages all donations and sponsorship activities around the world. The committee is guided by our “Sponsorship and Donations Policy,” which specifies binding regulations concerning criteria, legal provisions, and ethical standards. Transparency is additionally facilitated by the donations and sponsorship database, in which all donations and sponsorship activities of the Group worldwide must be recorded. Regular communication measures help our employees to observe the policies worldwide and make them aware of the risks in the area of donations and sponsorships.

We provide **donations to political parties** in strict compliance with established laws. Our internal corporate policy explicitly requires a Board of Management resolution for all donations to political parties. In 2014, we supported the democratic parties exclusively in Germany with a total of €320,000. In 2014, the CDU and SPD each received €100,000, and the FDP, CSU and Bündnis 90/the Green Party €40,000 each.

Promoting science

Sustainable development is not possible without the targeted, global promotion of science, research, and technology. Sharing knowledge across borders and promoting innovation are important factors in this respect. That is why we support universities, research institutions, and multi-disciplinary science projects around the world. We have bundled these activities in the form of foundations.

The **Daimler and Benz Foundation** is endowed with a foundation volume of €125 million. As a driving force of the knowledge society it promotes in-depth scientific exploration of research ideas in the areas of environmental protection and future-proof technology. Furthermore, it also supports a think tank on the subject of mobility that is to research the effects and socially relevant aspects associated with autonomous driving.

Autonomous driving in future road traffic. The Daimler and Benz Foundation is investing around €1.5 million in the “Villa Ladenburg” project. A team of more than 20 research scientists is examining the future effects of self-driving vehicles on the individual and society.

www.daimler-benz-stiftung.de

Within the framework of the Donors’ Association for the Promotion of Sciences and Humanities in Germany, among other things, the **Daimler Fund** supports the German President’s Award for Innovation in Science and Technology, which is presented each year by the German Federal President and is among the most important scientific awards in Germany.

www.stifterverband.org

With the **MINTernational promotional program**, the Donors' Association for the Promotion of Sciences and Humanities in Germany, the Daimler and Benz Foundation, and the Daimler Fund strive to contribute to the continued internationalization of the MINT subjects (mathematics, computer science, natural sciences, technology) in Germany. As part of a contest, technical universities are honored that have developed especially innovative concepts for preparing MINT students in Germany for the world market and bringing the best foreign students to Germany. The winners of the first round of the competition received a total of €500,000 to implement their concepts.

[More on promoting science: qr-sr.daimler.com/0qq](http://qr-sr.daimler.com/0qq)

Education

We believe that improving access to education is one of the most-lasting investments we can make for society and for our company. That's because education creates opportunities and opens up doors to a future full of possibilities. That is why we are involved in a variety of projects around the world with a view to promoting enthusiasm for science and technology and also the ability to look beyond working life and go through life with an open mind. At the same time we are promoting equal opportunity with our projects.

Genius — Daimler's young knowledge community. Our education initiative Genius combines a variety of educational projects for children and teenagers in the key areas of future technologies, mobility, and the environment. Genius promotes practical and playful learning with age-specific offers and free workshops at learning locations outside of school. In addition, in cooperation with the Klett MINT textbook publishing company, we have also developed suitable instruction materials for the subjects of natural sciences and technology, and offer the associated teacher conferences and teacher continuing education.

www.genius-community.com

Training in the townships. We train men and women of all ages in cooperation with the St. Anthony's Education Centre in Reiger Park, a township of Johannesburg. The center provides literacy courses and trains welders and bricklayers.

Internships for talented young trainees from the Arab countries. In cooperation with selected local universities we promote talented young people from the Arab countries, who are given the opportunity to complete an internship at a German location of the Group. The focus is on the subjects of entrepreneurship, executive development, and education.

Each girl is a star. Together with the women's organization CYDD we are paving the way to technical jobs for socially disadvantaged girls in Turkey. The award-winning project "Each Girl is a Star" offers young women between the ages of fifteen and eighteen the chance to enter a four-year vocational training program that includes an internship at Mercedes-Benz Turkey, as well as at dealers and suppliers. The aim is to support these girls in discovering and expanding their abilities and skills. And with great success: Increasing numbers of graduates of the project want to study for a technical degree. That is why we have supplemented the project with a university scholarship program.

Junior Achievement. The aim of the worldwide organization "Junior Achievement" is to familiarize young people with the prerequisites for a successful professional life in a global world. The organization's educational programs for all age groups — from kindergarten to a high-school diploma — are focused on three key topics: work readiness, entrepreneurship and financial education. Many of our employees at Daimler Financial Services in Singapore and the U.S. have again volunteered to participate in the initiative in 2014, and have supported school kids at local schools with learning skills.

[More on educational projects: qr-sr.daimler.com/0qs](http://qr-sr.daimler.com/0qs)

Road safety

Our "journey on the road to accident-free driving" is not just about using suitable systems to relieve the burden on drivers, protect them, and support them in hazardous situations. For us it is more a question of ensuring the safety of all road users. Road traffic education projects for schoolchildren and safety training for adults are two examples of how we work to achieve this goal.

MobileKids. Since 2001, we have made already more than 1 million of children "fit for road traffic" with MobileKids. The objective: Safe mobility and prevention of accidents are to become matters of fact in the daily lives of both children and adults. To this end, traffic safety is communicated in an interesting and playful way in order to show elementary school kids appropriate behavior in traffic situations at an early age. Besides teaching safe behavior for pedestrians, bicyclists or car passengers, MobileKids also provides training on considerate behavior, for example, on public transportation. In addition to the varied activities in Germany — ranging from the MobileKids offerings for schools to children's traffic schools — we have also communicated the content of MobileKids in other countries, such as China, South Korea, Brazil, Hungary, and Turkey. We will increase the international scope of the project on a continuous basis in coming years.

www.mobilekids.net

[More on road safety projects: qr-sr.daimler.com/0qu](http://qr-sr.daimler.com/0qu)

Conservation

We share responsibility for preserving the diversity of natural habitats for future generations. That is why we have been supporting the projects and initiatives of environmental organizations around the world for many years now. We consider it our contribution to making sure the Earth remains a place worth living in.

Living moorlands. The Baden-Württemberg league for nature conservation (NABU) and Daimler initiated a moorland renaturing project as early as in 2012. As a result, two moorlands which are in danger of drying out, the Hinterzarten Moor in the Black Forest and the Bodenmöser Moor in the Allgäu, are to be restored to healthy and living moorlands. In 2014, as part of the project, 23 Daimler apprentices lent a hand in not only conserving this precious habitat for plants and animals, but consequently also in contributing to climate protection. After all, healthy moorlands are the best natural stores of carbon.

Protection of mangrove forests in Asia. To contribute to the conservation of endangered mangrove ecosystems in India, Sri Lanka, Cambodia, and Thailand, we are sponsoring a renaturalization project of the Global Nature Fund for the reforestation of more than 100 hectares of degenerated mangrove forests. This is to preserve the biodiversity of the forests and their capacity to reduce CO₂ and serve as protection against flood waves. The local population is involved in the project through environmental training and the creation of alternative earning possibilities. The project thus combines nature conservation, development cooperation, and disaster prevention.

 [More on natural conservation projects: qr-sr.daimler.com/0qw](http://qr-sr.daimler.com/0qw)

Art and culture

Art has the power to build bridges. A rich cultural life and a lively art scene also foster creativity and innovation. That is why promoting art and culture is very important to us.

Our cultural involvements include the Daimler Art Collection, which was founded in 1977 and has now grown to around 2,600 works by 700 different artists. The emphasis of our activities is generally on the regional promotion of culture, with a focus on jazz, classical music, and the promotion of film in addition to the visual arts. From Berlin we support the Berlin Philharmonic, the German Opera House in Berlin, and the Mecklenburg-Vorpommern music festival. In Stuttgart, we support the Theaterhaus Theater, the Jazz Open, and the animated film festival, among others. In China, we are involved in a strategic partnership with the National Center for the Performing Arts, and are active as sponsor of Art Beijing and the International Music Festival. In South Africa we are active as partners of the “21 icons” project. The initiative strives to inspire the younger generations to follow in the footsteps of national icons like Nelson Mandela.

 www.21icons.com

Prussian Cultural Heritage Foundation. With its museums, libraries, archives, and research facilities, the Prussian Cultural Heritage Foundation is one of the largest cultural and scientific institutions in the world. We support the strategic objectives of the foundation with a view to making an effective contribution to the promotion of culture in society, with the primary aim of increasing the visibility of the cultural heritage and the museum work, and promoting new conceptual avenues for imparting culture in the community.

Emerging Artist Award. With their Emerging Artist Award, Daimler Financial Services and the Cranbrook Academy of Art have been providing financial support for a particularly promising graduate of the Michigan-based Academy of Art since 2005. The young artist is given the opportunity to make contacts in the international art scene, and to work and present his art during a two-month stay in Berlin.

 [More on cultural projects: qr-sr.daimler.com/0qy](http://qr-sr.daimler.com/0qy)

Community and charitable commitment

For us being a global company means we have a global responsibility. That is why we support the social environment at our locations as well as a wide variety of aid projects around the world. And we do not stop at emergency disaster relief. We also set up longer-term projects aimed at helping people to help themselves.

Aid for flood victims. After the flood disaster in the Balkans, Daimler provided €250,000 of emergency relief for the affected population in May 2014. The donation went to the aid organization Caritas International e.V., which took care of the needed emergency supplies and maintenance work. In addition, Daimler together with the General Works Council initiated an employee donation campaign that enabled us to provide Caritas with an additional €20,000.

Ekukhanyeni aid project. The “Ekukhanyeni” project in Lawley south of Johannesburg provides aid for people living in great poverty. Mercedes-Benz South Africa has been providing assistance for the initiative, which has meanwhile built an elementary school in addition to providing nursery places for small children, since 2010. At present, “Ekukhanyeni” is also working on eco-friendly farming as well as on landscape design, energy supply, and the expansion of the local infrastructure.

Reconstruction after the typhoon. In November 2013, the typhoon Haiyan cut a path of destruction across the Philippines. The reconstruction effort is still ongoing. To support the population, Daimler Group Services Philippines and Daimler Financial Services Singapore donated money for the reconstruction of kindergartens in the strongly affected city of Borbon on the island of Cebu. In addition, food and school supplies as well as other aid and construction materials were provided. Immediately after the natural disaster Daimler AG transferred emergency aid in the amount of €500,000.

 [More on Daimler aid projects: qr-sr.daimler.com/0r0](http://qr-sr.daimler.com/0r0)

Corporate volunteering

Not only do we face up to our global responsibility as a company, we also support the efforts undertaken by our employees in the interest of society and the common good. The countless initiatives reflect the sense of responsibility felt by our employees, as well as their desire to provide opportunities to those who otherwise have none.

ProCent. As part of the ProCent initiative, Daimler employees donated the cent amounts of their net income to charitable projects. The company doubles every cent donated, and accrues it in a promotional fund, from which we support ecological and social projects in Germany and abroad on the basis of employee suggestions. In 2014, we supported 188 projects with a total of around one million euros in this way. ProCent supports initiatives in 24 countries worldwide.

Day of Caring. Daimler Financial Services (DFS) organizes the “Day of Caring” in more than 30 countries. In 2014, a total of more than 2,300 employees worldwide contributed a day of work in community projects for charitable purposes. The high point of the activities was the “Week of Caring” in the U.S. and Canada, during which more than 1,100 employees spent one week working in more than 30 different organizations.

Individual Volunteer Day. Beyond the “Week of Caring,” the national company of DFS in the US gives its employees one more paid working day off for their voluntary activities. During the “Individual Volunteer Day” employees can work on a project in which they have a personal interest. As recognition of this social commitment, we publish a monthly report on the experiences of individual employees on the employee portal.

Give a Smile. As part of the Daimler Christmas campaign “Give a Smile,” employee volunteers gift-wrap presents for children and adolescents from socially disadvantaged families. The company provides Christmas boxes for this purpose. In collaboration with the aid organizations Schwäbische Tafel e.V., SOS Kinderdörfer, and other local institutions, the gifts are distributed to children who would otherwise get no or very few gifts for Christmas. In 2014, we put together more than 13,000 Christmas packages filled with toys, school supplies or clothing for children between the ages of two and fourteen.

Willing Hearts is a charitable organization that runs a soup kitchen in Singapore, where around 4,500 meals are cooked every day and distributed to people who live on the fringes of society. In 2014, Daimler employees helped prepare and package around 18,000 meals.

 [Topic “Corporate volunteering”: pp. 29 ff.](#)

 [More on employee projects: qr-sr.daimler.com/0r2](http://qr-sr.daimler.com/0r2)

Dialog and understanding

Being open to the world and being tolerant are two important foundation stones of our corporate culture. As a group that operates around the world, we support projects and institutions that promote inter-cultural dialog in the interest of mutual understanding and the peaceful coexistence of cultures. We also support initiatives aimed at promoting democracy.

Daimler-Byrnes scholarship. In 2014, we awarded the Daimler-Byrnes scholarships of the Stuttgart region for the thirteenth consecutive time. The five scholarship recipients will receive extensive cultural training before they travel to the U.S. in August in order to live with host families for one year and attend the local high school. The scholarship was created by Daimler along with the Forum Region Stuttgart and the German-American Center/James-F.-Byrnes Institute (DAZ).

Together against right-wing violence. Keeping alive the memory of the National Socialist period, taking responsibility, and reinforcing the free spirit of democracy – these are the goals pursued by several projects and initiatives sponsored by Daimler, such as the City Hall Tour of actor Hardy Krüger. Krüger reports on his experiences during the Nazi regime under the motto “Together Against Right-Wing Violence,” alerting the public to the current threat posed by right-wing extremist groups, and collects donations for the campaign “Courage Against Right-Wing Violence.” The start of the tour in Cologne in late 2013 was followed by events in Berlin, Stuttgart, Dortmund, and Leipzig in 2014.

Solidarity against racism and ostracism. The Global Attorney Meeting was held from May 7–9. Cologne celebrated a special cultural and arts festival: The event organized by the “BIRLIKTE – STAND TOGETHER” alliance commemorated the victims of right-wing terrorism and sent a visible sign of solidarity. Daimler sponsored the event, which was attended by German President Joachim Gauck and Hardy Krüger. The occasion was the tenth anniversary of the June 9, 2004 nail bomb attack by radical right-wing terrorists in Cologne’s Keupstraße, home primarily to Turkish and Kurdish residents.

Christopher Street Day. Daimler took part in the Christopher Street Day (CSD) in Stuttgart for the first time in 2014. Together with members of the employee network GL@D (Gay Lesbian Bisexual Transgender at Daimler), the company presented itself with a Mercedes-Benz truck in order to promote social acceptance of people with different sexual orientations. The participation was motivated by the desire to support the work of GL@D and sent yet another signal for a culture of openness and respect within the Group. Daimler Financial Services has already been involved in the CSD in Berlin since 2011.

 [More on dialog projects: qr-sr.daimler.com/0r4](http://qr-sr.daimler.com/0r4)

Our Sustainability Program 2020. G4-18 G4-19 G4-23

Sustainability is an essential element of our business activities that is firmly anchored in our system of strategic objectives. We regularly compare our business objectives with our stakeholders' expectations and set our priorities for our vital sustainability areas on this basis. The results we achieve are presented in our materiality analysis. From the defined fields of action, we have derived concrete targets against which we measure ourselves.

We anchor our sustainability objectives in our management and leadership system in all stages of the value chain, from product development and production to sales and marketing. The target agreements between employees and their superiors specify the sustainability targets for the respective task, such as CO₂ emissions or diversity objectives, on a consistent basis and are thus relevant for employee remuneration. The targets are reviewed annually as part of our sustainability management and are adjusted as required. In this context, through our system-

atic stakeholder management, we additionally respond to the requirements of internal and external interest groups which we actively involve in our sustainability activities through surveys and dialogs.

 [Materiality analysis: pp. 34 f.](#)

Our Sustainability Program is dynamic. Just as we are called on to adapt ourselves continuously to new market conditions in the dynamic competitive environment, we must also satisfy the requirements imposed on us by our stakeholders. That is why we have further modified, detailed, and prioritized the Sustainability Program for 2020 over 2013. The new program presents the main target horizons of our sustainability commitment until 2020, but is still flexible enough to enable addressing new challenges within a short time. We present only our TOP objectives in the printed copy of the Sustainability Report.

 [The complete Sustainability Program 2020 including all objectives and measures for download: Online 002](#)

Target	Achieved 2014	Date	Interim targets 2014	Status	Page
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Ethical responsibility.

Integrity and compliance

Building awareness.

- Discussion of our values and principles.

Continuation of company-wide dialog.

- Focus in 2014: introduction of an awareness tool (online game) throughout the Group for raising employee awareness of the contents of the Integrity Code.

Ongoing



↗ 85%

 42

The interim target 2014 was achieved  only partially achieved 

Target	Achieved 2014	Date	Interim targets 2014	Status	Page
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Integrity and compliance

<p>Sustainable compliance.</p> <ul style="list-style-type: none"> - Sustainable integration of compliance at Daimler. 	<p>Integration of compliance.</p> <ul style="list-style-type: none"> - Further increase of the effectiveness of the Compliance Management System. - Further integration of compliance as an integral element of our value chain. - More efficient design of compliance processes in the company. <p>Expansion of the set of tasks.</p> <ul style="list-style-type: none"> - Prevention of money laundering as a distributor of goods. - Group-wide review of sanctions lists (EU and US). 	Ongoing	+	↗ 95%	👁 44 f.
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Human rights

<p>New Human Rights Respect System.</p> <ul style="list-style-type: none"> - Development and implementation of a concept for an extended systematic management approach to human rights – including risk identification, program management, monitoring, and reporting. In addition to the countries with majority-owned Daimler production locations, this will be expanded with selected potential risk countries. 	<p>Concept development and discussion with stakeholders.</p> <ul style="list-style-type: none"> - Performance of feasibility and requirements analyses on the basis of the HRCA. - Development of a conceptual risk management cycle for safeguarding the continuity of the risk analysis. - Discussion of conceptual elements with external stakeholders in the working group on “Human Rights” at the Seventh “Daimler Sustainability Dialogue” and their integration into the practical approach. 	2020	+	↗ 10%	👁 43 f.
<p>Human Rights Compliance Assessment (HRCA).</p> <ul style="list-style-type: none"> - Worldwide expansion of human rights risk management in 19 countries with Daimler production locations in line with UN requirements to enable early detection of possible human rights violations. 	<p>Realization of Human Rights Compliance Assessments (HRCA).</p> <ul style="list-style-type: none"> - 2012: risk assessment initially carried out for Germany, Mexico, and Egypt - 2013: HRCAs in Japan, France, Hungary, South Africa, Brazil, India, Spain, and the U.S.. - 2014: Czech Republic, Turkey, Argentina, Canada, and Indonesia. - Consequently, 16 of the 19 countries have been analyzed as planned by the end of 2014 (with the remaining three to be analyzed in 2015). 	2015	+	↗ 80%	👁 44

The interim target 2014 was achieved + only partially achieved -

Target	Achieved 2014	Date	Interim targets 2014	Status	Page
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Product responsibility.

Fuel consumption and CO₂ emissions – main markets

<p>CO₂ emissions passenger cars in Europe.</p> <ul style="list-style-type: none"> Reduction of CO₂ emissions (basis NEDC) of the EU new-vehicle fleet to 125 g of CO₂/km by 2016 (corresponds to a reduction by around 30 percent in the period from 2007 to 2016). Consistent further electrification of the powertrain for achievement of Daimler-specific EU fleet targets in the year 2020. 	<p>Further reduction by 4 percent.</p> <ul style="list-style-type: none"> After the successful achievement of the designated interim target for 2012, the CO₂ emissions in the European fleet in 2014 were reduced by another 5 grams to 129 g of CO₂/km, a reduction by 27.5 percent vs. 2007. <p>Highlights at the product level:</p> <ul style="list-style-type: none"> New consumption-optimized 9-speed automatic transmission introduced in additional model series. Roll-out of new S-Class with significant fuel consumption reductions (- 20 percent). Launch of new C-Class with significant fuel consumption reduction of up to 20 percent. Launch of additional hybrid vehicles and launch of S 500 Plug-in HYBRID. 	2016	+	↗ 90%	👁 51
<p>New Reduced fuel consumption for passenger cars in the U.S. (PC and LDT).</p> <ul style="list-style-type: none"> Reduction of fleet consumption in the period from 2012 (base year for currently valid consumption regulation) to 2019 by 25 percent for each segment (basis are the respective model years 2012 and 2019). 	<p>Reduction of fleet consumption of PC by 6 percent, LDT by 6 percent in comparison with the respective model year.</p> <ul style="list-style-type: none"> Significant improvement of the fuel economy of the new S-Class, C-Class, CLA-Class. 	2019	+	↗ 25%	👁 52
<p>New Reduced fuel consumption for imported and domestic passenger cars in China</p> <ul style="list-style-type: none"> Reduction of fleet consumption in the period from 2012 (base year of currently valid consumption regulation) to 2019 by 25 percent for each fleet. 	<p>Reduction of fleet consumption of imported cars by 11 percent, domestic cars by 9 percent in comparison to the base year.</p> <ul style="list-style-type: none"> Significant improvements of the fuel economy of the new S-Class, C-Class. 	2019	+	↗ 35%	👁 52

The interim target 2014 was achieved  only partially achieved 

Target	Achieved 2014	Date	Interim targets 2014	Status	Page
Fuel consumption and CO₂ emissions – main markets					
<p>CO₂ emissions of light-duty commercial vehicles.</p> <ul style="list-style-type: none"> Reduction of CO₂ emissions of the EU new-vehicle fleet by more than 10 percent until 2014 from the 2010 levels. 	<p>11.5 percent reduction since 2010.</p> <ul style="list-style-type: none"> Overall fleet average at 199 g of CO₂/km (Mercedes-Benz fleet of light-duty commercial vehicles (N1) in Europe in 2014). New V-Class with high-efficiency 4-cylinder diesel engines and significantly lower fuel consumption than the predecessor model. New Vito with low-loss front-wheel-drive powertrain; extensive fuel efficiency measures such as stop-start function, energy recovery, fuel-economy alternator, efficient electric fuel pump, and aerodynamic improvements. 	2014	+	↗ 100%	👁 51
<p>New Reduction of CO₂ emissions of the EU new-vehicle fleet by more than 10 percent by 2018 from the 2014 levels.</p>		2018			
<p>Reduced consumption of heavy-duty commercial vehicles in Europe.</p> <ul style="list-style-type: none"> Reduced consumption (liters per ton-km) for the N3 trucks in Europe by an average of 20 percent by the year 2020 compared with the base year 2005 (Euro III vehicles). 	<p>Significant improvement.</p> <ul style="list-style-type: none"> More than 9 percent reduced consumption for long-distance-transport reference trucks compared with 2005. 	2020	+	↗ 40%	👁 51 f.
<p>Reduced consumption of heavy-duty commercial vehicles in NAFTA.</p> <ul style="list-style-type: none"> Reduction of the fuel consumption of Cascadia trucks by more than 20 percent by the year 2015 compared with the base year 2007. 	<p>Significantly reduced fuel consumption.</p> <ul style="list-style-type: none"> Reduced consumption by 20 percent for long-distance-transport Cascadia reference vehicle. Intelligent Power Management (road profile optimized gearshift strategy). 	2015	+	↗ 100%	👁 51

Exhaust emissions

<p>Early compliance with Euro 6 for passenger cars.</p> <ul style="list-style-type: none"> Early compliance with Euro 6 emissions standards by 50 percent of all new Mercedes-Benz and smart vehicles in Europe by the end of 2014. 	<p>More passenger cars certified to Euro 6 standards.</p> <ul style="list-style-type: none"> More than 55 percent of Mercedes-Benz and smart cars sold in Europe are in compliance with Euro 6 emissions standards. In Germany it is already 62 percent. 	2014	+	↗ 100%	👁 51 f.
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The interim target 2014 was achieved + only partially achieved -

Target	Achieved 2014	Date	Interim targets 2014	Status	Page
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Exhaust emissions

Comprehensive assessment and reduction of the environmental impact of Mercedes-Benz passenger car models.

- **Reduction of CO₂ and nitrogen oxide emissions over the entire life cycle** for each new model generation **by 10 percent to 20 percent** compared with the predecessor.

Overall environmental targets set for all Mercedes-Benz Cars development projects.

- Review of targets within the Mercedes-Benz development process in accordance with ISO TR 14062 (design for environment) and ISO 14006 (product-related environmental management system).
- **Reduction of CO₂ emissions and nitrogen oxide emissions** over the entire life cycle of the **new C-Class** compared with the predecessor (see Environmental Certificate C-Class).
 - C-Class Diesel (C 220 BlueTEC): CO₂ emissions: minus 26 percent, NO_x emissions: minus 45 percent.
 - C-Class gasoline engine (C 180): CO₂ emissions: minus 28 percent, NO_x emissions: minus 6 percent.
- The over-fulfillment of NO_x limits for diesel engines compensates for the slightly below target levels of the gasoline engine models.

Ongoing   100%  51 f.

Mobility concepts

Increased use of car2go.

- **Ten times the number of trips and number of active users** by 2015 compared with the year 2011.

Expansion of car2go.

- car2go in **29 cities worldwide** (+ 18 cities compared with 2011).
- **User numbers have doubled vs. 2013** (2014: about 1,000,000 registered users).
- About **30 million rentals** (+29 million compared with 2011).

2015   100%  53

Promotion of the construction of a hydrogen infrastructure.

- Realization of pilot projects: construction and start of operations of **20 hydrogen fuelling stations** in Germany for supply of fuel-cell vehicles running on hydrogen from renewable resources.
- Construction of **100 hydrogen fuelling stations by 2017 and 400 hydrogen fuelling stations by 2023** in Germany; foundation of a joint venture for the erection and operation of hydrogen fuelling stations.

Hydrogen fuelling stations.

- Two hydrogen fuelling stations commissioned, erection and completion of remaining H₂-fuelling stations expected in 2015.

2014   60%  50

- 16 hydrogen fuelling stations with 700 bar storage pressure as part of publicly subsidized pilot projects in Germany were co-initiated and commissioned as first stage of project, initiation of closing process towards the formation of an enterprise.

2023   15%  50

The interim target 2014 was achieved  only partially achieved 

Target	Achieved 2014	Date	Interim targets 2014	Status	Page
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Vehicle safety

Passenger car safety.

- **Five-star rating in the Euro NCAP** crash test for new model series with respectively higher requirements from 2012, 2013, 2014, and 2015.
- Achieved **“Top Safety Pick” result in IIHS crash test rating** with small overlap crash starting in 2012.

Interim target achieved for all Mercedes-Benz vehicles tested in 2014.

- New **C-, GLA- and V-Class receive top rating** of five stars in the Euro NCAP crash test. In addition, the Mercedes-Benz C-Class received the Euro NCAP Advanced Reward for two safety systems: the ATTENTION ASSIST drowsiness detection system (serial) and the preventive occupant protection system PRE-SAFE® (optional).
- **M-Class and E-Class distinguished as a “Top Safety Pick+” (TSP+)** in a more demanding crash test conducted by the US Insurance Institute for Highway Safety (IIHS).
- C-Class (2014) rated as “superior” by IIHS.

Ongoing + ↗ 100% 👁 54

Operational environmental protection.

Climate protection in production operations

Reduction of specific CO₂ emissions.

- Continuous reduction of specific CO₂ emissions in production **by 20 percent** vs. 2007 by 2015.

Decrease in specific CO₂ emissions in production vs. 2007:

- Daimler Buses – **17 percent**;
- Mercedes-Benz Cars – **33 percent**;
- Mercedes-Benz Vans – **29 percent**;
- Daimler Trucks – **14 percent** (comparison with reference year 2007 without Atlantis Foundry).

2015 + ↗ 90% 👁 56 f.

Reduction of absolute CO₂ emissions.

- Reduction of absolute CO₂ emissions in European plants by 20 percent in the period from the early 1990s to 2020 (time frame of EU climate targets) despite a significant increase in production volume.
- Overall reduction of specific CO₂ emissions of the European locations by two-thirds (use of comparable technologies for CO₂ reduction in non-European plants).

Decrease in absolute CO₂ emissions.

- **14 percent reduction** compared with the base year, 5.6 percent reduction compared with the previous year.
- Efficiency measures, CO₂-optimized own cogeneration facilities and the mild winter in Europe despite strong production increases led to a drop in CO₂ emissions.

2020 + ↗ 60% 👁 56 f.

The interim target 2014 was achieved + only partially achieved -

Target	Achieved 2014	Date	Interim targets 2014	Status	Page
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Employees.

Diversity

<p>Diversity management.</p> <ul style="list-style-type: none"> - Daimler aims to remain one of the leading German automakers in terms of diversity management. 	<p>Anchoring of diversity management.</p> <ul style="list-style-type: none"> - Firm anchoring of diversity management in HR processes, corporate and leadership cultures, and expansion of the key topic of internationalization. - The trendence Graduate Barometer 2014: Daimler is the only automotive company to be considered an equally potential employer of choice by both men and women. - 63 percent of workforce approval rate on diverse composition of teams in 2014. - 2nd German Diversity Day: A total of 5,512 employees voted in recognition and appreciation of diversity in the company. - 14.1 percent women in executive management positions in 2014 (2013: 12.7 percent). - Promotion of initiatives for the increase of flexibility in when and where to work. Increase in the share of part-time management staff at Daimler AG to 3.3 percent (2013: 3.1 percent). - Around 700 company-own childcare places across Germany (and around 150 additional places at various locations). 	2020		65%	61 f.
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Employer attractiveness

<p>Employee commitment.</p> <ul style="list-style-type: none"> - Confirmation of employee commitment level at above-average level. 	<p>63 points.</p> <ul style="list-style-type: none"> - Excellent participation rate over the years (2014: 70 percent) demonstrates continued high acceptance and deliberate use of the employee survey of the Group as a feedback tool. - Confirmation of employee commitment level at above-average level compared with the benchmark in the industrial sector (2014: benchmark median at 61 ECI points). 	2016		90%	60 f.
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The interim target 2014 was achieved only partially achieved

Target	Achieved 2014	Date	Interim targets 2014	Status	Page
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Generations management

<p>Demographics.</p> <ul style="list-style-type: none"> - Anchoring of the issue of demographics in the corporate culture and leadership process. 	<p>Activities in generation management.</p> <ul style="list-style-type: none"> - Performance of ergonomic analyses in production areas at almost all locations around the world. - Introduction and development of a pool of 482 “senior experts,” including 150 senior experts who have been on assignment since March 2013. - Roll-out of the “Job Match” system centered on finding the best-suited jobs for production workers in consideration of their medical situation. - Continuation of five decentralized demographic projects. 	2020		65%	62
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Supplier management.

Prevention and risk management

<p>New Environmental management.</p> <ul style="list-style-type: none"> - Proof of a certified environmental management system will be provided by 70 percent of production material suppliers (based on revenue) by 2018. 	<p>Component of contract terms.</p> <ul style="list-style-type: none"> - Sustainability and environmental requirements are integral elements of contract terms worldwide. 	2018		50%	64
<p>New Supplier monitoring.</p> <ul style="list-style-type: none"> - Review of the implementation of sustainability standards through an online self-assessment questionnaire to be completed by 40 percent of production material suppliers (based on revenue) by 2016. 	<p>Successful piloting.</p> <ul style="list-style-type: none"> - Development and successful piloting of a self-assessment online questionnaire on sustainability standards, developed jointly with other automotive manufacturers. 	2016		20%	65

The interim target 2014 was achieved only partially achieved



Report profile.

In this Sustainability Report we assess the economic, environmental, and social impact of our business operations in the 2014 financial year and present our current sustainability program. Our interactive online Sustainability Report details and supplements the present printed report with additional information and offers additional possibilities for use: The website features a search function, an extensive thematically linked GRI Index, and a key figures tool, with which you can create tables and graphics adapted to your information needs.

The information provided in our Sustainability Report applies to the entire Daimler Group with its business divisions. The reporting period corresponds to our financial year, which runs from January 1 to December 31.

GRI

In 2006, Daimler joined the multi-stakeholder network of the Global Reporting Initiative (GRI) as organizational stakeholder. This report was prepared in accordance with the internationally recognized guidelines on sustainability reporting GRI G4.

Audit certification according to ISAE 3000

Daimler engaged the auditing and consulting firm PricewaterhouseCoopers to examine the Corporate Sustainability Report. The review was based on the International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), published by the International Auditing and Assurance Standards Board (IAASB), which has been in effect since January 1, 2005.

During the review the Sustainability Report was subjected to a critical assessment of its correctness, completeness, comparability, comprehensibility, and relevance. This was supported by sampling of documentary evidence. The areas included in the review are

- the internal management systems and processes at corporate level used for recording, gathering, consolidation, and processing of the data published in the report;
- the internal control processes for sustainability reporting at corporate level;
- the accuracy of data at the corporate level (figures in tables and statements on production-related key figures “CO₂ emissions, water consumption, and recycling rate” and “average CO₂ emissions of the European passenger cars fleet of Mercedes-Benz,” and statements on accident key figures as well as donations and sponsorships).

The main focus of the review was on the corporate level and was supplemented by samples from individual production plants.

As result of the review and as a formal conclusion, Daimler received the review certificate, which presents the aim and purpose of assurance, its basic principles, work performed, and its conclusions. The internal reporting takes place via the Corporate Sustainability Board (CSB).

[🔗 Audit certification: p. 80](#)

UN Global Compact Progress Report

In 2000, Daimler became one of the first signatories of the UN Global Compact. We have committed ourselves to uphold this international initiative’s ten universally recognized principles. In addition, we were among the first participants of the UN Global Compact LEAD group established in January 2011. Since 2013, we have continuously monitored and expanded our involvement in thematic and regional task forces and initiatives. With this Sustainability Report we are meeting our obligation to report regularly on our initiatives regarding human rights, labor standards and employee rights, environmental protection, and the fight against corruption.

In July 2014, we submitted the Sustainability Report 2013 together with the following overview as our official UN Global Compact Progress Report. The next Progress Report will be presented by us in July 2015. Please note that all references in this Progress Report relate to the previous year’s report.

[🌐 UN Global Compact Progress Report: Online 003](#)



G4-22
G4-23

We want to become better and better

In recent years we have continuously strengthened our commitment to sustainability and have made our reporting in this area more transparent and easier to understand. As always, our reporting is in line with the principles of materiality, stakeholder inclusiveness, completeness, and sustainability.

Scope of reporting and data acquisition methods

Economy. The information about economic relationships presented in the Sustainability Report for 2014 is based mainly on data from the 2014 Daimler Annual Report. The Management Report and Notes sections, from which we have quoted in this report, were attested to with an unqualified opinion by the auditing firm KPMG Deutsche Treuhand-Gesellschaft AG. Further information can be found in the Annual Report 2014.

Ecology. Daimler has been systematically compiling key environmental data from its German plants since 1992. In 1997 and 1998 its data acquisition activities were gradually extended to include production plants outside Germany. Since 2002 the data acquisition and analysis have been handled with the aid of a database. The data in this report reflects the structure of the Group in 2014 and includes all relevant production plants and the German sales locations. To ensure comparability with the data for previous years, the data for the entire reporting period does not include parts of the company in which Daimler is no longer the majority shareholder. For this reason, the time lines may differ from those of previously published data. New parts of the company have been included from the time at which they became part of Daimler. The environmental data for 2014 refers to a total of 75 locations and satellite sites.

Employees. The facts and figures in the Employees section are based on the 2014 Daimler Annual Report. The reporting on human resources data is based mainly on the “HR ePARS” electronic human resources planning and reporting tool, which combines the data of all consolidated companies within the Daimler Group. This information has been supplemented with data acquired with the aid of the ePeople or HR EARTH electronic human resources management systems. The texts and diagrams in this section indicate whether the data refers to the entire Group or only to parts thereof.

New features in this report



G4-23

The 2014 Daimler Sustainability Report prioritizes the areas of action which arise from the analysis of the business model, strategy and the materiality analysis even more strongly:



G4-20
G4-21

On the basis of the materiality analysis, we have evaluated internal and external sustainability requirements for our company, and have summarized the results in the materiality matrix.

➤ [Materiality analysis: pp. 34 f.](#)



G4-23

The materiality matrix outlines the thematic structure of our Sustainability Report, which we have designed to be even more clearly structured than before. We have also taken into account the wishes of important target groups such as rating agencies, which need to find key figures, data, and facts as quickly as possible and therefore view brief summaries of important issues as an important quality criterion. We have therefore concentrated on the key figures of the GRI Index. The comprehensive Index is available on the Internet.

➤ [Sustainability Program 2020: pp. 70 ff.](#)

In the first part of the Daimler Sustainability Report 2014 we address company-specific topics, which demonstrate our commitment to act responsibly in the context of our international business operations. The topics are determined in line with the materiality matrix and represent issues which are also under public scrutiny.

The supplement “Overview of the Corporate Group” is a new feature, with which we satisfy the requirements of the Reporting Standard GRI G4, which is mandatory starting this year. In it we present our business purpose and tie it to the action fields of the materiality matrix and the resulting Sustainability Program 2020.

The reporting process and quality assurance

In addition to a system and data quality audit by PricewaterhouseCoopers (PwC), we also perform detailed benchmark analyses. In parallel we also have an internal process for the review of targets, measures, and fields of action.

Disclaimer

We have exercised extreme care in the compilation of the data contained in this report. Nevertheless, we cannot entirely exclude the possibility of error. Insofar as this report contains forward-looking statements, these are based exclusively on data and forecasts that were available at the time of publication. Although such projections are drawn up with extreme care, a great variety of factors that were unforeseeable at the time of publication may lead to deviations. The content of the report was examined by the responsible specialist staff. Parts of the report were examined by PricewaterhouseCoopers.

The last Sustainability Report appeared in April 2014 under the title “Sustainability Report 2013.” Our next report will be published in mid-April 2016.

Editorial deadline for this report: February 13, 2015



Independent Assurance Report

To Daimler AG, Stuttgart

We have been engaged to perform a limited assurance engagement regarding several sustainability key performance indicators selected by Daimler AG (the Company) in the Sustainability Report 2014 (the Report) for the business year from 1 January to 31 December 2014.

Responsibility of the legal representatives

The Company's Board of Managing Directors is responsible for the proper preparation of the report in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 4 (pages 16 to 18) of the Global Reporting Initiative (GRI).

This responsibility includes the selection and application of appropriate methods to prepare the report and the use of assumptions and estimates for sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the report.

Responsibility of the auditor

Our responsibility is to express a conclusion based on our work performed as to whether anything has come to our attention that causes us to believe that the data of the report of the Company for the business year 2014 has not been prepared, in all material respects, in accordance with the above mentioned criteria of the Sustainability Reporting Guidelines Vol. 4 of the GRI.

The sustainability key performance indicators selected by Daimler AG for the calendar year 2014 (CO₂ emissions of the European fleet, energy consumption, total CO₂ emissions scope 1 and 2, waste recovery rate, water consumption, accident frequency as well as cost of foundations, donations, and sponsorships), which are included in the scope of our engagement, can be found on page 2 of the sustainability report 2014 as 'Key figures 2014' and the corresponding sections in the report. The assessment of the materiality analysis of the company was not part of our engagement scope.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement, under consideration of materiality, to provide our conclusion with limited assurance.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgement.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

During 2014 we have not performed any tasks or services for Daimler that would conflict with our independence, nor have we been responsible for the preparation of any part of the report; and therefore qualify as independent as defined by Code of Ethics and applicable legal and regulatory requirements.

Within the scope of our work we performed amongst others the following procedures:

- Inquiries of personnel responsible for the preparation of the report regarding the process to prepare the reporting of sustainability information and the underlying internal control system;
- Inspection of documents regarding the sustainability strategy as well as understanding the sustainability management structure, the stakeholder dialogue and the development process of the Company's sustainability program;
- Inquiries of personnel in the corporate functions that are responsible for the chapters product responsibility, operations-related environmental protection, occupational safety and social commitment;
- Gaining an understanding of the systems and processes for collection, analysis, validation and aggregation of sustainability data and its documentation on a sample basis;
- Performance of site visits as part of the inspection of processes for collecting, analyzing and aggregating selected data:
 - in the corporate headquarter in Stuttgart
 - in the plants in Gaggenau (Germany)
 - in the plant in Kecskemét (Hungary);
- Analytical procedures on sustainability data disclosed in the report;
- Comparison of selected data with corresponding data in the Company's Combined Management Report;
- Gaining further evidence for selected data of the report by means of inspection of internal documents, contracts and invoices/reports from external service providers.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the data of the report of the Company for the business year 2014 has not been prepared, in all material respects, in accordance with the above mentioned criteria of the Sustainability Reporting Guidelines Vol. 4 (pages 16 to 18) of the GRI.

Zurich, February 13, 2015

PricewaterhouseCoopers AG

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GRI Index and UN Global Compact.

In 2000 Daimler became one of the first signatories of the UN Global Compact. We have committed ourselves to uphold this international initiative's ten universally recognized principles. Daimler was also one of the first participants of the UN Global Compact LEAD group, which was established in January 2011.

In recent years we have continuously improved our sustainability performance and made our reporting in this area more transparent and easier to understand. As always, our reporting is in line with the principles of materiality, stakeholder inclusiveness, completeness, and sustainability context.

Both the printed and the interactive online versions of the Daimler Sustainability Report 2014 are based on the guidelines of the Global Reporting Initiative (GRI). These guidelines were established with the help of the UN in 1997 in order to create a globally accepted guideline for companies and organizations reporting on their environmental, social, and economic activities. The amended guidelines of 2013 (G4) serve as the basic framework for Daimler's Sustainability Reporting.

You can find the complete version of the GRI Index in the interactive online report.

-  [Complete GRI Index: Online 004](#)
-  <http://sustainability.daimler.com>



Principle 1

Support of human rights

Principle 2

Exclusion of human rights abuses

Principle 3

Freedom of association

Principle 4

Elimination of forced labor

Principle 5

Abolition of child labor

We assign a very high priority to recognizing and protecting human rights within our company and in the locations where we operate. For us as an automaker, the emphasis is on employee rights, fair working conditions, and the rejection of every form of discrimination and of forced labor and child labor. We have firmly grounded our sense of responsibility for human rights issues in the Integrity and Legal Affairs area of responsibility in the Group's Board of Management.

Principle 1

 pp. 34, 39, 43 f., 64 f., 71, Online 103

Principle 2

 pp. 39, 41, 43 f. 64 f., 71

Principle 3

 pp. 44, 60, 65

Principle 4

 pp. 43, 44, 64 f.

Principle 5

 pp. 43, 64 f.

Principle 6
Elimination of
discrimination

To ensure that our hiring processes are free of discrimination, whether gender-specific or in other forms, the fixed base salary depends on the individual's position and level. The same goal is served within our regular income reviews by mandatory documentation, the inclusion of several people in each process, and a central HR system that ensures transparency. Our in-house income reviews have shown that the amount of the remuneration paid for comparable tasks is affected by factors such as individual performance and the amount of experience a person has gained in a particular position, but not by the person's gender.

Principle 6
🔗 pp. 43, 61 f.

Principle 7
Precautionary
environmental
protection

Risk prevention is particularly important when it comes to managing the local effects of our business activities. This applies, for example, to environmental protection in the production process. Our environmental management system defines structures and processes that ensure transparent reporting and clear areas of responsibility at all levels of our production facilities around the world. More than 98 percent of our employees work at locations with environmental management systems audited and certified according to ISO14001. In addition, we regularly conduct environmental due diligence processes at our locations.

Principle 7
🔗 pp. 41, 56 ff.

Principle 8
Promotion of
environmental
responsibility

Daimler has been systematically compiling key environmental data from its German plants since 1992. In 1997 and 1998 its data acquisition was gradually extended to include production plants outside Germany. Since 2002 the acquisition and analysis of the data have been handled with the aid of a database. The data in this report reflect the structure of the Group in 2013 and include all relevant production plants and the German sales locations. New parts of the company have been included from the time at which they became part of Daimler. The environmental data for 2013 refer to a total of 75 business locations or subordinate sites.

Principle 8
🔗 pp. 56 ff.

Principle 9
Development and
diffusion of
environmentally friendly
technologies

The requirements regarding our vehicles' environmental compatibility are integral aspects of automobile development at Daimler and are discussed by the corresponding committees and implemented accordingly. The vehicle specifications and the quality gates in the development process document the environmental impact and requirements during the entire product development process.

Principle 9
🔗 pp. 47 ff.

Principle 10
Work against corruption

In our Integrity Code, we have made a binding pledge to comply with all relevant laws, voluntary commitments, and internal regulations, and to do business in accordance with ethical principles at all times. In doing so, our main focus is on the observance of all applicable anti-corruption regulations as well as the protection and promotion of fair competition. In this respect, our managers have a special responsibility due to their role model function. Consequently, integrity and compliance are key criteria in the annual target agreement process and target achievement of our managers. Based on our Integrity Code, we offer web-based training which clearly conveys our standards of good conduct and shared values. The training course contains sections on ethical conduct in daily operations, corruption prevention, our whistleblower system BPO, and antitrust law. In addition to the Group-wide dialogs concerning ethical conduct across all hierarchies, we are also assisted by our Compliance Management System in ensuring ethical practices in accordance with the regulations in our daily business.

Principle 10
🔗 pp. 39, 44 f., 64 f.

Our divisional Compliance organization serves as a partner for the business divisions in their detection and treatment of market-specific risks. Each division is supported by a divisional or regional Compliance Officer, who advises the business units on compliance issues. Moreover, local compliance partners around the world ensure that our standards are observed.

Ethical conduct and compliance with the regulations by our business partners is a required prerequisite for trusted collaboration. In our selection of direct business partners, we take care to ensure that we act within the law and observe ethical principles.

<http://sustainability.daimler.com>

Our interactive online report

Daimler AG
Stuttgart, Germany
www.daimler.com
www.daimler.mobi