DAIMLER

Sustainability Report 2012.

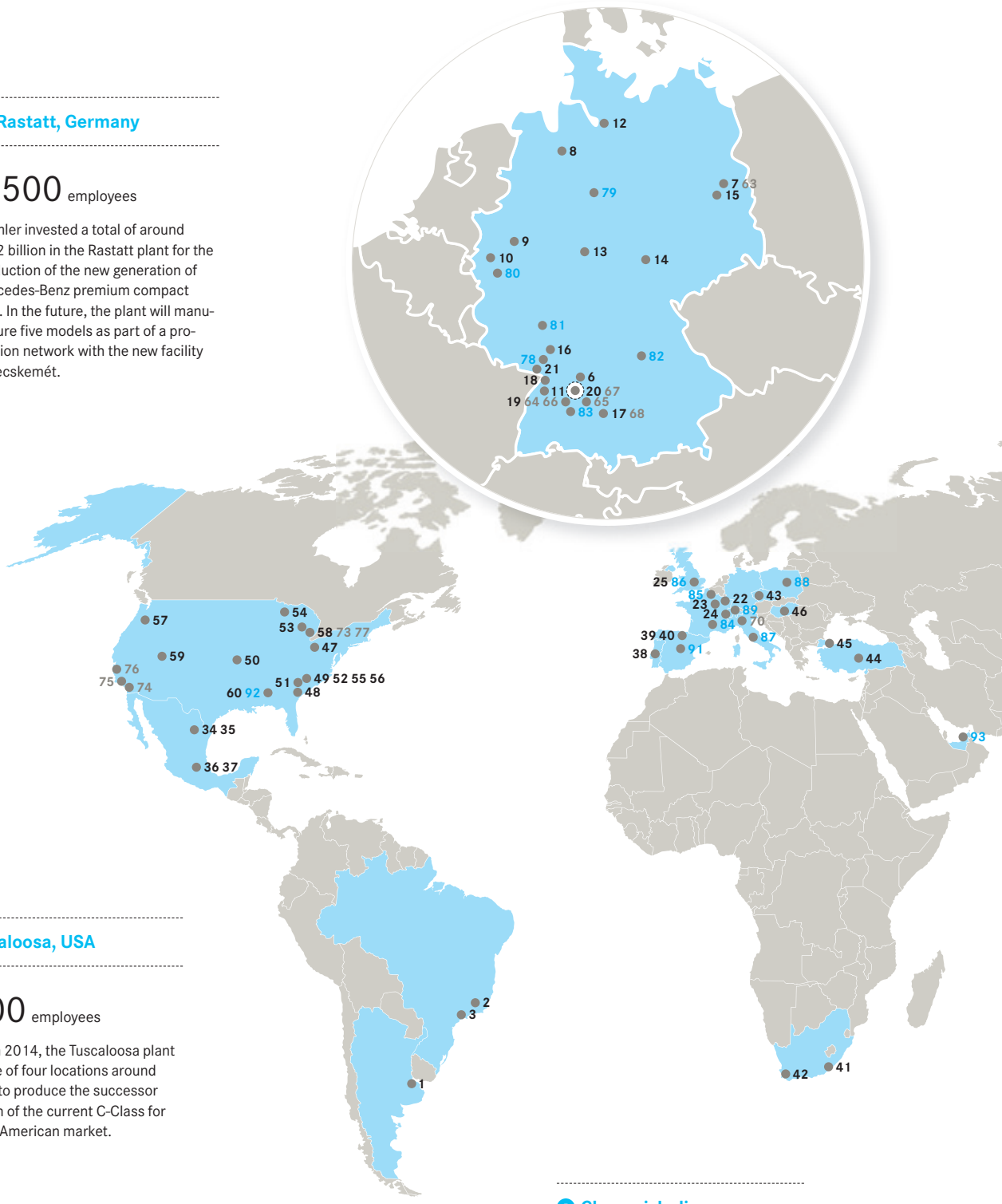
http://sustainability.daimler.com

The key figures of financial year 2012

	Unit	2012		2011	2010
Corporate profile					
Revenue	in millions of €	**114,297**	↗	106,540	97,761
Operating profit/EBIT	in millions of €	**8,615**	↘	8,755	7,274
Result before taxes on income	in millions of €	**7,718**	↘	8,449	6,628
Group net income	in millions of €	**6,495**	↗	6,029	4,674
Total vehicle sales	in millions	**2.2**	↗	2.1	1.9
Unit sales of Mercedes-Benz Cars		**1,451,569**	↗	1,381,416	1,276,827
Unit sales of Daimler Trucks		**461,954**	↗	425,756	355,263
Unit sales of Mercedes-Benz Vans		**252,418**	↘	264,193	224,224
Unit sales of Daimler Buses		**32,088**	↘	39,741	39,118
Contract volume of Daimler Financial Services	in billions of €	**80.0**	↗	71.7	63.7
Our employees					
Number of employees (worldwide)		**275,087**	↗	271,370	260,100
Number of trainees (worldwide)		**8,267**	↘	8,499	8,841
Average age of the workforce	in years	**41.9**	→	41.9	41.9
Personnel expenses (worldwide)	in billions of €	**18.0**	↗	17.4	16.5
Average days of training and advanced development (per employee/year)	in days	**4.0**	↗	3.8	2.3
Costs for training and advanced professional development	in millions of €	**241.0**	↗	231.4	201.6
Proportion of women (Daimler AG)	in percent	**14.4**	↗	13.9	13.5
Proportion of women in Level 4 management positions (Daimler AG)	in percent	**13.8**	↗	12.9	12.4
Workforce turnover (worldwide)	in percent	**4.9**	↗	4.2	4.9
Proportion of part-time employees (Daimler AG)	in percent	**7.1**	↗	6.9	6.4
Accident frequency[1]	number of cases	**16.3**	↗	14.4	15.0
Sickness figures	in percent	**5.4**	↗	5.3	4.9
Provisions for retirement benefits and healthcare	in billions of €	**3.0**	↘	3.2	4.3
Product responsibility					
Research and development expenditure on environmental protection	in millions of €	**2,369**	↗	2,159	1,876
CO_2 emissions of the European fleet (vehicles from Mercedes-Benz Cars)	in g CO_2 / km	**140**	↘	150	158
Operations-related environmental protection (2012 figures are provisional)					
Energy consumption (total)	in GWh	**10,878**	↗	10,256	10,114
of which electricity	in GWh	**4,865**	↗	4,590	4,363
of which natural gas	in GWh	**4,397**	↗	4,108	4,037
CO_2 emissions (total, scope 1 and 2)	in 1,000 t	**3,165**	↗	3,148	3,164
CO_2 emissions (total) per vehicle produced (Mercedes-Benz Cars)	in kg/vehicle	**1,003**	↘	1,062	1,235
CO_2 emissions (total) per vehicle produced (Daimler Trucks)	in kg/vehicle	**2,701**	↘	2,708	2,973
CO_2 emissions (total) per vehicle produced (Mercedes-Benz Vans)	in kg/vehicle	**988**	↗	912	1,070
CO_2 emissions (total) per vehicle produced (Daimler Buses)	in kg/vehicle	**2,499**	↗	2,245	2,299
Solvents (VOC), total	in t	**6,462**	↗	6,342	5,504
Solvents (VOC) per vehicle produced (Mercedes-Benz Cars)	in kg/vehicle	**1.04**	↗	1.02	0.97
Solvents (VOC) per vehicle produced (Daimler Trucks)	in kg/vehicle	**8.16**	↘	8.25	7.75
Solvents (VOC) per vehicle produced (Mercedes-Benz Vans)	in kg/vehicle	**3.78**	↗	3.60	3.68
Solvents (VOC) per vehicle produced (Daimler Buses)	in kg/vehicle	**9.43**	↗	8.56	14.91
Waste (recovery rate)	in percent	**93**	→	93	91
Water consumption (total)	in millions of m^3	**15,293**	↘	15,294	14,031
Social commitment					
Cost of foundations, donations, and sponsorships	in millions of €	**58.0**	↘	59.0	51.1

[1] Cases per 1 million hours of attendance examined by an accident insurance consultant and resulting in at least one lost working day, with reference to employees in production or in production-related areas on production facilities of the Daimler Group, Evobus GmbH, and Mercedes-Benz Ludwigsfelde GmbH in Germany.

Interactive key figures: Online 001



Rastatt, Germany

6,500 employees

Daimler invested a total of around €1.2 billion in the Rastatt plant for the production of the new generation of Mercedes-Benz premium compact cars. In the future, the plant will manufacture five models as part of a production network with the new facility in Kecskemét.

Tuscaloosa, USA

2,800 employees

Starting in 2014, the Tuscaloosa plant will be one of four locations around the world to produce the successor generation of the current C-Class for the North American market.

Chennai, India

1,200 employees

A total of €700 million was invested in the new plant in Chennai, which produces heavy-duty BharatBenz trucks (see p. 26 ff.).

Locations of the Daimler Group

Kecskemét, Hungary

2,500 employees

A total of €800 million was invested in the new plant in Kecskemét, which manufactures Mercedes-Benz B-Class cars in a production network with the Rastatt facility. The new CLA will also be produced there starting in 2013.

Corporate headquarters

Germany
Stuttgart-Untertürkheim

Production

Argentina
1 Buenos Aires

Brazil
2 Juiz de Fora
3 São Bernardo do Campo

China
4 Beijing
5 Fuzhou

Germany
6 Affalterbach
7 Berlin
8 Bremen
9 Dortmund
10 Düsseldorf
11 Gaggenau
12 Hamburg
13 Kassel
14 Kölleda
15 Ludwigsfelde
16 Mannheim
17 Neu-Ulm
18 Rastatt
19 Sindelfingen
20 Stuttgart-Untertürkheim
21 Wörth

France
22 Hambach
23 Ligny-en-Barrois
24 Molsheim

United Kingdom
25 Brixworth

India
26 Chennai
27 Pune

Indonesia
28 Jakarta
29 Wanaherang

Japan
30 Aikawa – Nakatsu plant
31 Ebina – Sagami plant
32 Kawasaki
33 Toyama

Mexico
34 Monterrey
35 Saltillo
36 Santiago Tianguistenco
37 Toluca

Portugal
38 Tramagal

Spain
39 Sámano
40 Vitoria

South Africa
41 East London
42 Cape Town

Czech Republic
43 Holýšov

Turkey
44 Aksaray
45 Istanbul-Hoşdere

Hungary
46 Kecskemét

USA
47 Cambridge, Ohio
48 Charleston, South Carolina
49 Cleveland, North Carolina
50 Emporia, Kansas
51 Gaffney, South Carolina
52 Gastonia, North Carolina
53 Grand Rapids, Michigan
54 Hibbing, Minnesota
55 High Point, North Carolina
56 Mount Holly, North Carolina
57 Portland, Oregon
58 Redford, Michigan
59 Tooele, Utah
60 Tuscaloosa, Alabama

Vietnam
61 Ho Chi Minh City

Research and Development

China
62 Beijing

Germany
63 Berlin
64 Böblingen
65 Nabern
66 Sindelfingen
67 Stuttgart
68 Ulm

India
69 Bangalore

Italy
70 Como

Japan
71 Kawasaki
72 Yokohama

USA
73 Ann Arbor, Michigan
74 Carlsbad, California
75 Long Beach, California
76 Palo Alto, California
77 Redford, Michigan

Logistics

Germany
78 Germersheim
79 Hanover
80 Cologne
81 Mainz
82 Nuremberg
83 Reutlingen

France
84 Etoile-sur-Rhône
85 Valenciennes

United Kingdom
86 Milton Keynes

Italy
87 Capena

Poland
88 Warsaw

Switzerland
89 Wetzikon

Singapore
90 Singapore

Spain
91 Miralcampo

USA
92 Mercedes-Benz U.S. International Vance, Alabama

United Arab Emirates
93 Dubai

Foreword

Dr. Christine Hohmann-Dennhardt
Member of the Board of Management of Daimler AG, Integrity and Legal Affairs

Dr. Dieter Zetsche
Chairman of the Board of Management of Daimler AG, Head of Mercedes-Benz Cars

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

Dear readers,

The satirist Karl Kraus once told the following story: A student tells a professor that he wants to study business ethics. The professor replies, “You’re going to have to make up your mind and pick one or the other.” As you can see, ethical principles and business success are sometimes considered mutually exclusive. However, we are convinced that they can not only coexist but actually belong together. That’s because only those businesses that are guided by ethical values and conduct their activities in a sustainable manner can be successful in the long run.

There’s nothing new about this idea. It actually originated in the Middle Ages – more specifically, in the principles practiced by the Medicis in Italy and the Hanseatic merchants of northern Europe. The concept of the “honorable merchant” may seem somewhat antiquated these days, but in fact it now has more relevance than ever. Honorable businesspeople reflect before they act and anticipate the consequences of their actions. They want to not only gain an advantage but also serve the needs of their customers, business partners, employees, and society. Although they are motivated by calculated self-interest, they are also aware that trust is the most important currency and an impeccable reputation is the best capital one could ask for.

Five hundred years have done nothing to change this. Our stakeholders today rightly expect that our “culture of top performance” should not only apply to our products and technologies but also be reflected in our approach to environmental, social, and ethical responsibility. We have set ourselves clear targets in this regard in our Sustainability Program 2010–2020. We were assisted with their formulation by the numerous important suggestions we received from you through our first-ever Stakeholder Survey and our „Sustainability Dialogues“. We invite you to see for yourselves on the following pages just how much progress we have made. The areas we are addressing cover everything from new and environmentally friendly mobility concepts to the reduction of emissions, innovation management, the promotion of diversity, and the establishment of a Group-wide culture of integrity.

Despite our many achievements, we know that we still have work to do before we can claim to be the best in every way. The key thing is to ensure that our sustainability measures are implemented on a sustainable basis. We are counting on you to continue this journey with us as trusted but also, of course, constructively critical partners with a focus on the future – partners who understand what it means to be an “honorable merchant.”

Sincerely,

Dr. Dieter Zetsche **Dr. Christine Hohmann-Dennhardt** **Professor Thomas Weber**

Daimler Sustainability Report 2012.

Topics

Online report

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. 207) into the search field in the interactive report in order to go to the content you're interested in.

Sustainability drives innovation

Facts and figures

Group overview

Portfolio changes and strategic partnerships

In 2012, targeted investments and groundbreaking partnerships strengthened our core business areas, helped us move forward with new technologies, and enabled us to harness additional growth potential. Activities last year focused on the continuous enhancement of our existing business portfolio.

February 2012. Daimler and its Chinese partner Beiqi Foton Motor Co., Ltd. obtain the business license for the joint venture **Beijing Foton Daimler Automotive Co., Ltd. (BFDA).**

April 2012. Antitrust authorities **approve the AKKA Technologies S.A. acquisition of a financial interest in MBtech Group**. AKKA Technologies obtain 65 percent of the shares of MBtech Group, all of which were previously held exclusively by Daimler. Daimler retains 35 percent of MBtech and will remain a strategically important long-term shareholder.

July 2012. As a result of a capital increase, Daimler AG acquires an interest in **carpooling.com GmbH.**

September 2012. Daimler acquires a minority interest in the Munich-based mobility services startup **tiramizoo GmbH.**

Daimler and Renault-Nissan confirm they will carry out two additional joint projects involving fuel-efficient drive systems for the German-Japanese-French partnership.

December 2012. Daimler AG reduces its financial stake in the **European Aeronautic Defence and Space Company (EADS)** from 15 percent to 7.5 percent. The sale of 61.1 million EADS shares generated proceeds of €1.66 billion for Daimler.

Daimler establishes a new car sales organization in China. **Beijing Mercedes-Benz Sales Service Co., Ltd.** is a 50-50 joint venture with our strategic partner Beijing Automotive Group (BAIC).

Details on our portfolio changes in 2012: AR 2012, page 86

The Daimler Group (as of Dec. 31, 2012)

Daimler AG is the parent company of the Daimler Group.

Brands	Mercedes-Benz, smart, Maybach, Freightliner, Fuso, Western Star, Thomas Built Buses, Orion, Setra, BharatBenz, Mercedes-Benz Bank, Mercedes-Benz Financial, Daimler Trucks Financial
Legal form	Stock corporation under German law
Board of Management	– Dr. Dieter Zetsche (Chairman of the Board of Management and Head of Mercedes-Benz Cars) – Dr. Wolfgang Bernhard (Head of Daimler Trucks)* – Dr. Christine Hohmann-Dennhardt (Integrity and Legal Affairs) – Wilfried Porth (Human Resources and Labor Relations Director) – Andreas Renschler (Manufacturing and Procurement, Mercedes-Benz Cars & Mercedes-Benz Vans)* – Hubertus Troska (Greater China) – Bodo Uebber (Finance & Controlling/Daimler Financial Services) – Professor Thomas Weber (Group Research & Mercedes-Benz Cars Development, Chairman of the Daimler Sustainability Board)
Supervisory Board	Consists of ten shareholder representatives and ten employee representatives and is chaired by Dr. Manfred Bischoff. The Supervisory Board monitors and advises the Board of Management in its management of the company.
Headquarters	Mercedesstraße 137, 70327 Stuttgart, Germany
Employees	275,087
Trainees	8,267
Market capitalization	€44.1 billion
Total assets	€163.0 billion

* since April 2013

Sustainability ratings

In 2012, independent rating agencies and research institutes once again evaluated our sustainability performance. The results are a critical appraisal of our efforts to ensure that our business activities are not only financially successful but also socially and ecologically viable.

In view of the varying quality and relevance of the large number of ratings and rankings the Group has been participating in, the Sustainability Board (CSB) decided at the end of 2012 that Daimler will actively take part only in those ratings and rankings whose assessment methodology, quality, and transparency can be expected to result in a meaningful analysis. Beginning in 2013, we will continue to provide extensive support for the analyses carried out by the agencies we select. The results will be examined in-depth by the responsible officials and in certain cases will also be taken into consideration in our sustainability management and/or target programs. We will continue to monitor the development of the analytical methods employed by all rating and ranking agencies, and will respond to any changes we observe, if necessary by adjusting the focus of our work.

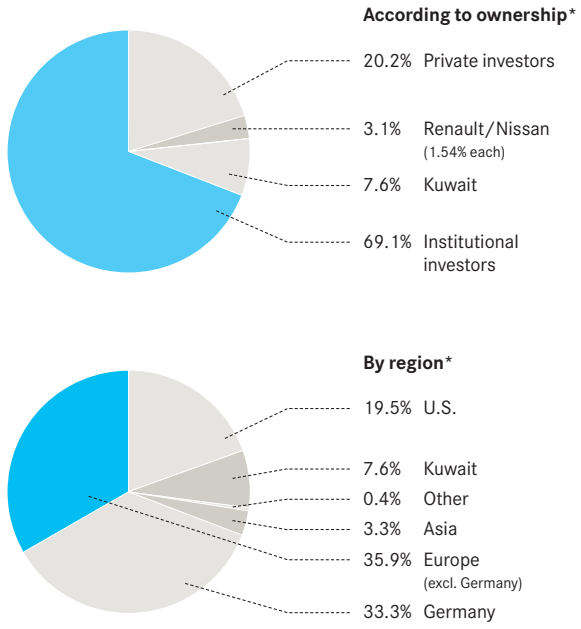
In view of the above-mentioned criteria, we would like to point out Daimler's performance in the ratings made by OEKOM Research for 2012. Daimler was once again issued the status of "Prime Investment," receiving a very good overall rating of B- (on a scale of A+ to D-). Daimler also achieved an impressive result in the Carbon Disclosure Project rankings. In the category of reporting transparency, we captured first place in our sector index (46 companies), and we also took third place in the performance rankings. Although it's not listed in the index, Daimler is nevertheless among the companies that achieved a high overall score in the Sustainable Asset Management (SAM) ratings. In 2012, Daimler maintained both the favorable marks it received from the French rating agency Vigeo (and its ASPI Index) and its outstanding fourth-place position in the Institute for Ecological Economy Research's (IÖW) ranking, as neither of these rating agencies conducted new studies last year.

Daimler will further intensify its sustainability activities. We will do so, among other things, to improve our position in the relevant ratings and rankings.

Daimler in sustainability indexes

	2012	2011
Rating agency		
Oekom Research	Prime Investment status (grade: B-)	–
Vigeo	–	Evaluated (no ranking)
Sustainable Asset Management	Evaluated	Evaluated
Imug/EIRIS	–	Evaluated
Carbon Disclosure Project (sector index)	Transparency: 1st place; performance: 3rd place	Upper mid-range ranking for transparency and reporting
IÖW/future Ranking	–	Evaluated (4th place)
Indexes		
Dow Jones Indexes	Not listed	Not listed
ASPI Index	Listed	Listed

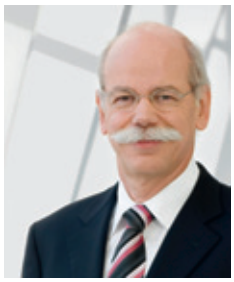
Shareholder structure (as of Dec. 31, 2012)



*As a percentage of share capital

Further information on our shareholder structure: AR 2012, page 27 f.

Our view of sustainability



Dr. Dieter Zetsche

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

We want to enhance the value of our company over the long term. We therefore view value creation in a holistic manner, which means that for us economic, environmental, and social responsibility go hand in hand.

Dr. Wolfgang Bernhard

Member of the Board of Management of Daimler AG, Head of Daimler Trucks

We focus on achieving the greatest possible customer utility throughout the entire life cycle of our vehicles. For example, we assume responsibility for our products by making sure that they meet the highest safety standards and set benchmarks for environmental and climate protection.

Andreas Renschler

Member of the Board of Management of Daimler AG, Manufacturing and Procurement Mercedes-Benz Cars & Mercedes-Benz Vans

Sustainability is a top priority at Mercedes-Benz, and our efforts here take into account the entire production process. Our measures focus on climate protection, air pollution control, and the responsible utilization of raw materials and resources. It goes without saying that our high sustainability standards also apply to our suppliers.

Hubertus Troska

Member of the Board of Management of Daimler AG, Greater China

Daimler is so deeply rooted in China, it is only natural that we have also integrated our business targets with the principles of sustainability and responsibility. Our aim is to serve as a good corporate citizen and thus show our full and long-term commitment to this country – economically and sustainably. We keep track of our activities in our detailed Daimler China Sustainability Report.

Dr. Christine Hohmann-Dennhardt

Member of the Board of Management of Daimler AG, Integrity and Legal Affairs

We are aware of our responsibility to society as a globally operating company with a more than 125-year tradition of automobile manufacturing. That's why we want to ensure that our business operations are sustainable. For us, business success is inseparable from business ethics.

Wilfried Porth

Member of the Board of Management of Daimler AG, Human Resources and Director of Labor Relations

Our employees contribute to value creation at the company with their skills and talents, their wealth of ideas, and their motivation. We know that a fair and trusting relationship with our employees is the key to retaining their continuing commitment. Maintaining this relationship over the long term is a core aim of our human resources policy.

Bodo Uebber

Member of the Board of Management of Daimler AG, Finance & Controlling/Daimler Financial Services

Our financial activities are also conducted in accordance with the principles of sustainability. Our work ensures healthy and responsible financial operations with a long-term horizon. This, in turn, establishes confidence in our company and ensures that we can make the investments, which are so critical to our future success. This approach benefits employees, customers, and shareholders alike.

Prof. Thomas Weber

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

We want to make the future of mobility as safe and environmentally friendly as possible. As the inventor of the automobile, we have been setting the pace for many decades when it comes to the development of vehicle safety systems and clean and efficient drive systems. We utilize our innovations to consistently pursue our target of accident-free and emission-free mobility, which extends all the way to self-driving vehicles.

Materiality matrix

Sustainability management is a continuous improvement process. We need to maintain a dialog with our stakeholders in order to define the target criteria of this process. These stakeholders range from our employees and customers to politicians and representatives of environmental and human rights organizations. The aim of this dialog is to find out what expectations people have of us as a globally operating automaker, and what we ourselves must achieve in order to be successful.

What is essential? The Global Reporting Initiative's (GRI) principles of completeness, sustainability context, materiality, and stakeholder inclusiveness served as our guide during the conception of this Sustainability Report and influenced the way in which we addressed relevant topics. We consider a sustainability-related issue to be especially crucial if it is important from both our point of view and that of our stakeholders. Since these perspectives do not always match, we conduct a multi-stage materiality analysis in order to determine the intersections between the various perspectives and prioritize the results.

Identification and relevance. When pre-selecting issues, we focus on the specific sustainability challenges in our core area of business, for which we draw on the GRI criteria catalogues as well as on external and internal standards and regulations. We also strive to gain as precise a picture as possible of the expectations our stakeholder groups have of us. This involves analyzing reader surveys on this report, customer and employee surveys, specialist department workshops, discussions with individual stakeholder groups, and the results of our „Daimler Sustainability Dialogue". We also incorporate analyses from our News and Issues Management program and our Society and Technology research group.

Stakeholder dialog: page 54 ff.

The following statements apply to the issues that have been identified through these processes:

- The relevant issues currently affect or will affect our business activities to a substantial degree.
- We are in a position to influence them – directly or indirectly.

We allocate these issues to the content dimensions of our sustainability strategy.

Dimensions of our sustainability strategy: page 53

International open stakeholder survey. Last year, we conducted an open stakeholder survey for the first time in order to prioritize the areas where we need to take action. We intentionally avoided any pre-selection of target groups here because we wanted to make sure no legitimate stakeholder interests were left out. The survey was open for all interested stakeholders to participate in online at daimler.com during a four-week period between November 15 and December 14, 2012. The survey allowed stakeholders to decide which issues they believed were important for ensuring successful sustainability management at Daimler AG. Around 700 responses had been received when the survey period ended. It was important while evaluating the results to give close consideration to the topics cited by our primary stakeholder groups (shareholders, customers, suppliers, employees) and to take into account the growing influence and expertise of non-governmental organizations. These groups were therefore given a higher weighting factor.

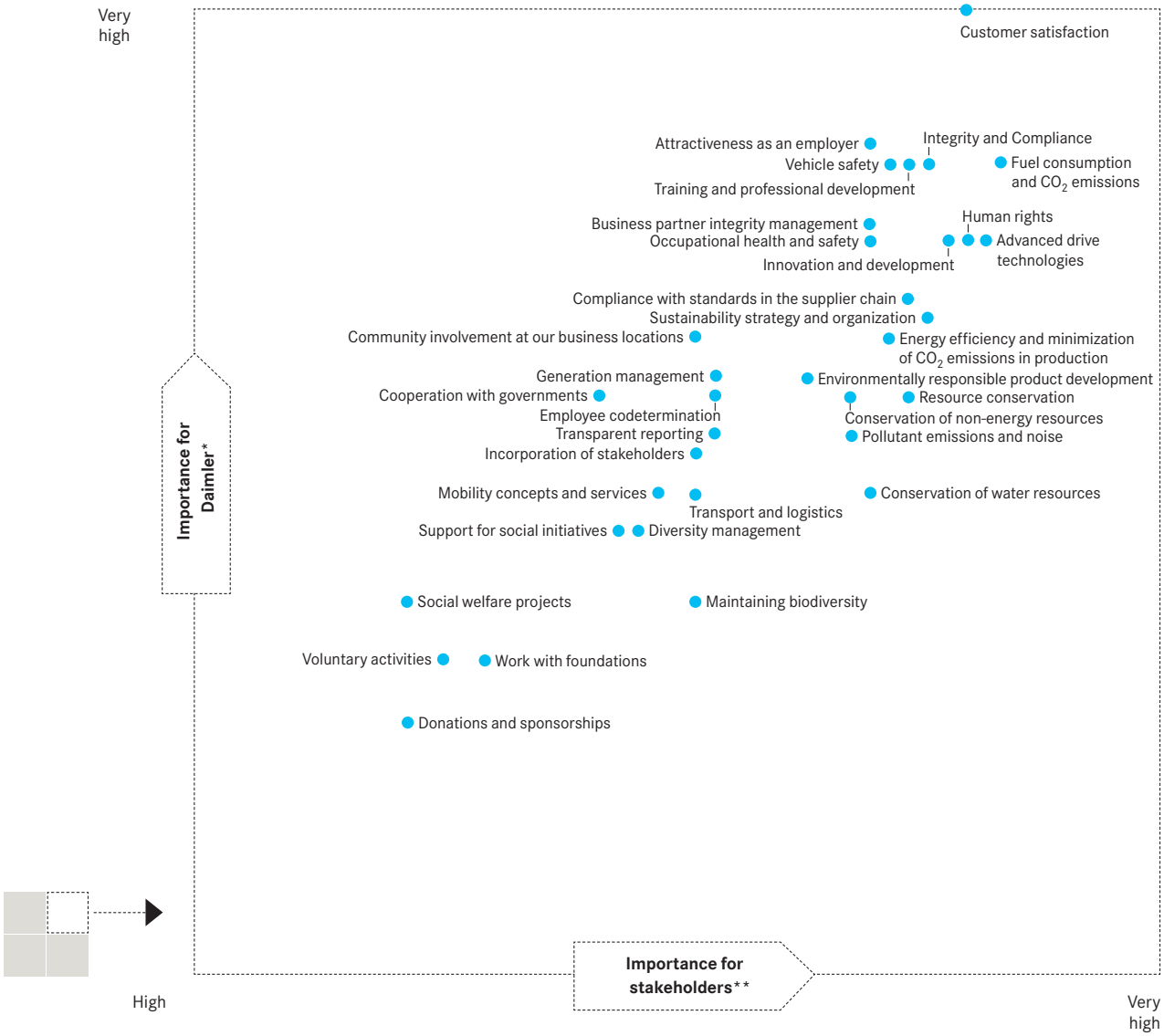
Detailed explanation of the survey results: Online 002

The materiality matrix. The results of the online survey were used to create our 2012 – 2013 materiality matrix (X-axis). The matrix shows these results in relation to the results of a survey of our Sustainability Office (CSO) and Sustainability Board (CSB) sustainability committees, which assessed the issues from the perspective of the company (Y-axis). The matrix (see chart) shows all evaluated areas. Most of these can be considered to be either important or very important for our stakeholders and our company. The position of each field of action within the matrix provides us with information on where we need to focus most with our sustainability efforts.

Continuous improvement process. We also adjusted our performance management and reporting systems to correspond to the open survey-based methodology used to create the 2012 – 2013 materiality matrix, whereby the prioritized issues were taken much more strongly into account in everyday work and in the report. Despite careful planning and preparation, the work being conducted with the materiality matrix and its open survey format is a learning experience, and there are still some methodological challenges to be overcome – for example, certain subjective issue pre-selections and the selection of weighting factors. In addition, weighted averages were calculated for what in some cases were divergent interests among individual stakeholder groups. These averages (weighted) were incorporated into the matrix in an aggregate form. To ensure that the various demands and interests would nevertheless be reflected as precisely as possible, specialist departments also carefully analyzed the detailed results of the survey. The materiality analysis is carried out every two years and continually enhanced.

Report profile: page 50 f.

2012–2013 materiality matrix



* The assessment of sustainability issues of special relevance for the company reflects the evaluations of Daimler's Sustainability Board and Sustainability Office sustainability organizations.

** The assessment of sustainability issues of special relevance for stakeholders reflects the results of the open stakeholder survey.

Important progress in 2012

First open stakeholder survey

Which sustainability issues are important for Daimler's success? We asked our stakeholder groups around the world for their opinions.

Page 54

Advisory Board for Integrity and Corporate Responsibility

On September 25, 2012, Daimler established a new Adivisory Board for Integrity and Corporate Responsibility. The board assesses the handling of integrity-related issues at the company from a critical and constructive external perspective.

Page 38

New Integrity Code

A new Integrity Code went into effect at Daimler on November 1, 2012. The code's key principles are fairness, responsibility, and respect for the law and people's rights.

Pages 37, 57

Standardized management remuneration

Daimler has implemented a globally standardized, variable, and transparent remuneration system consisting of medium to long-term performance-based components.

Page 61

140 g CO_2/km

Within a period of five years, Daimler has reduced the CO_2 emissions of its fleet of new vehicles in Europe by more than 20 percent to 140 g CO_2/km. Our target is to achieve an emission level of 125 g CO_2/km by 2016.

Page 68

Euro VI / Euro 6

Although the Euro VI emission standard will not go into effect until January 2014, one-third of all Mercedes-Benz truck customers in 2012 nevertheless opted to purchase vehicles certified as Euro VI-compliant. The gasoline engines in the new Mercedes-Benz A- and B-Class models also already meet the requirements of the Euro 6 emission standard that won't go into effect until September 2015.

Page 39

Electricity from renewable sources

In spring 2012, Daimler purchased a powerful wind energy facility near Germany's A9 highway to coincide with the market launch of the new smart fortwo electric drive. The plant supplies enough green electricity for each new electrically powered smart registered in Germany. This approach to powering mobility also demonstrates that it is possible to achieve a well-to-wheel emission figure of zero grams of CO_2 per kilometer.

Pages 47 f., 66

117 projects

Within the framework of the Group's ProCent program for supporting social welfare projects, Daimler employees and the company donated approximately €745,000 to fund a total of 117 projects in 2012.

Page 85

Key targets

18 countries

Worldwide expansion of risk assessment regarding human rights in 18 countries where Daimler has production locations. This assessment is carried out in line with UN requirements so that possible human rights violations can be detected early on.

Page 58

Incentive systems

Expansion of the remuneration parameters for Daimler Board of Management members through the addition of the non-financial themes “Integrity and the UN Global Compact.”

Page 53

Strategic diversity target

In the area of diversity management, Daimler wants to remain one of the leading companies in the German automotive industry.

Page 63

Generation management

Establishment of demographic issues as a field of action in the corporate culture and the management process. Continued rollout of HR Resource Management at six additional German locations; implementation of further work packages based on identified fields of action.

Pages 31 ff., 63

-20 percent

CO_2 emissions in European production plants to be reduced by 20 percent between the early 1990s and 2020 (period stipulated by the EU climate targets), despite a substantial increase in production volume. As a result, specific CO_2 emissions at European manufacturing facilities will decrease by two-thirds. Similar CO_2 reduction technologies are being employed at our plants outside of Europe.

Page 74 f.

125 g CO_2/km

Reduction of the CO_2 emissions of the European new car fleet to 125 g CO_2/km by 2016.

Page 68

10 networks

Activities to establish and operate ten additional national UN Global Compact networks by 2013.

car2go

Tenfold increase by 2015 in the number of trips taken and the number of active users, as compared to 2011.

Pages 18 ff., 72

Smart transport, A to B

moovel

Anywhere in the city. This mobility platform provides information about private and public transport options in the form of maps and diagrams. The attractive graphic display leads users to their destinations safely and reliably.

www.moovel.com

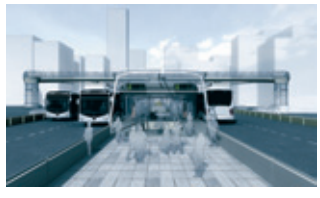
HAIL A CAB 2.0

myTaxi

Perfectly networked. The “myTaxi” app is the world’s first fully automatic taxi reservation service. The Android app and car2go complement each other ideally to create a networked system for urban mobility.

www.mytaxi.com

Short intervals



Bus Rapid Transit

The fast lane. Modern buses traveling in separate dedicated lanes ensure mobility and punctuality at a reasonable price even in heavy commuter traffic.

Smartphones on wheels

Communication technologies

Always online. Seamless integration of the iPhone® into the new A-Class now allows Mercedes-Benz to offer “Generation Facebook” a home on wheels. @yourCOMAND takes things a step further in the F 125! research vehicle.

Rent (by the minute)

car2go

Completely flexible. Users can either reserve a vehicle or rent one on the spur of the moment — without having to worry about when or where they plan to drop it off.

www.car2go.com

Fast transport solutions

CharterWay

Service as needed. The latest-generation trucks are available to commercial customers. Short or long-term rentals — virtually anything is possible.

www.charterway.com

Text: Ernesto Singer

Extensive and networked — Mobility concepts from Daimler

Daimler is a versatile provider of mobility services around the globe. The Group's broad range of car and commercial vehicle models is supplemented by innovative mobility concepts.

Mobility concepts provide answers to a broad range of questions related to the present and future of human mobility. These concepts focus on aspects such as transport modes, sustainability, lifestyles, and mobility requirements in consideration of country-specific framework conditions. Daimler has many answers to mobility questions. The company offers new concepts for personal transport — such as car2go in combination with the myTaxi app and car2gether. Daimler provides Bus Rapid Transit (BRT) solutions and the CharterWay and FleetBoard systems for public and commercial transport. The moovel mobility platform and the mbrace assistance system in the U.S. demonstrate how modern communication technology can network travelers and transport modes. In addition, the Group's F 125*!* research vehicle with its @yourCOMAND system offers a preview of the near future, when car-to-X communication will enable vehicles to communicate with one another, thus ensuring a smoother flow of traffic and lower emissions.

These offers generate far greater benefits than traditional vehicles — and are ushering in a **new era of mobility**. According to Thomas Weber, Daimler AG Board of Management member responsible for Group Research and Mercedes-Benz Cars Development, "Creative ideas for innovative mobility concepts have transformed Daimler, the inventor of the automobile, into a provider of a broad range of mobility services. The modern 'sharing society' requires new networked solutions that meet customers' specific mobility needs — and such solutions are already included in our offerings."

car2go is a pioneering system of urban mobility that exemplifies the highly flexible nature of today's transportation solutions. car2go allows customers in various European and North American cities to rent a smart fortwo on the spur of the moment. Special parking spaces for these vehicles are provided only in exceptional cases; customers simply rent an available vehicle in the respective part of the city and return it somewhere else after the drive. This "free-floating" system ensures a high level of flexibility, because users can set off on their journey without having to plan when or where they will eventually return the car. The rental fee is calculated by the minute, and users can search for currently available vehicles via a computer or – even more conveniently – via a smartphone app.

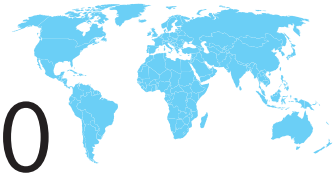
car2go is also cooperating with **myTaxi** in several major German cities. myTaxi makes it amazingly easy to order and pay for a taxi with a smartphone. A few issues must still be settled with regard to the future of carsharing. That is why car2go is conducting a study in Germany jointly with the Institute for Applied Ecology and the ISOE Institute for Social-Ecological Research in order to examine the mobility behavior of car2go users and find out how attractive electric vehicles are to carsharing customers.

"The next step on the path to locally emission-free mobility services will involve the electrification of the car2go fleet," says Weber. "Many of the system's more than 150,000 customers worldwide will soon be using car2go vehicles with purely electric drive systems." There are already 300 car2go smart fortwo electric drive models on the streets of both Amsterdam and San Diego, 30 in Portland, 25 in Ulm – and 300 in Stuttgart as part of Germany's National Electric Mobility Platform (numbers as of 2012).

The innovative networking of personal and local public transport has also enabled the development of a new mobility platform known as **moovel.** On a smartphone, the platform's app displays the services offered by various mobility providers. smart fortwo electric drive models from car2go will also be an integral component of moovel in the future. A moovel user only has to enter the starting point and the destination of a trip. After that, the system graphically displays all the possible routes for the trip, taking into account every available transport mode in the area. moovel is currently online in Stuttgart and Berlin and will be gradually expanded into other cities and regions, including locations outside of Germany.

Reliable trips through megacities: BRT systems are a modern option for local public transport networks.

Satellite-supported logistics



100,000

More than 100,000 vehicles around the world are now equipped with a FleetBoard telematics system with a trip analysis feature, which helps to improve driving style and can cut fuel consumption by as much as 15 percent.

car2gether has a history and a future as a carsharing community for short trips. Initially operated as a pilot project in Ulm and Aachen between the fall of 2010 and the beginning of 2012, car2gether used smartphones to link people who were looking for a ride with drivers who had space in their vehicles – and it did this within seconds. The pilot project has now been successfully completed – but car2gether's intelligent ad hoc ridesharing concept lives on in the moovel platform.

Bus Rapid Transit (BRT) is a mobility concept for fast-growing cities. This system links urban districts by means of state-of-the-art buses that operate at short intervals in dedicated lanes. Daimler is involved in many BRT projects around the world in cities including Rio de Janeiro, Mexico City, Istanbul, and Nantes. Well over 17,000 Mercedes-Benz buses now operate in over 20 BRT systems worldwide; the vehicles range from minibuses to extra-long articulated buses. The advantages of BRT include comparatively low infrastructure costs and the fast availability of a reliable regular-service bus network. BRT ensures that people from all walks of life will continue to enjoy affordable and convenient mobility in the future. In addition, the system's use of state-of-the-art engine technology and its ability to keep buses moving rapidly regardless of stop-and-go traffic will play an important role in helping to substantially reduce CO_2 emissions.

FleetBoard telematics-based Internet services are geared mainly toward commercial vehicle fleet operators. Since 2000, Fleetboard has been helping companies optimize transport processes, document the time drivers spend behind the wheel, and lower maintenance and fuel costs and CO_2 emissions. What's more, FleetBoard analyses enable drivers to adopt a more defensive and anticipatory driving style, which they can maintain over the long term with the help of regular driver training programs and information obtained from monthly reports. The associated fuel-saving potential ranges

Cruising in the capital: car2go has been operating in Berlin since the end of April 2012 and now offers 1,200 blue-and-white smart fortwo models for flexible short-term rentals.

"The next step on the path to locally emission-free mobility services will involve the electrification of the car2go fleet. Many of the system's more than 150,000 customers worldwide will soon be using car2go vehicles with purely electric drive systems."

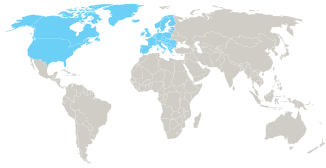
Thomas Weber
Member of the Board of Management of Daimler AG
Group Research & Mercedes-Benz Cars Development

from five to 15 percent. Daimler offers FleetBoard systems for trucks, buses, and vans. Some 100,000 vehicles operated by 3,000 customers have been equipped ex works or retrofitted with the forward-looking telematics system.

The Mercedes-Benz **CharterWay** mobility service handles the procurement, service, and management of the brand's commercial vehicles. This rental company has been specializing in the provision of fast transport solutions with minimal financing and administrative costs since 1992. Customers can choose from a pool of the latest-generation vehicles, all powered by state-of-the-art, efficient, and environmentally friendly engines. Customers alone decide how long they wish to keep their vehicles. In other words, CharterWay provides the tailored and flexible mobility solutions that commercial customers need.

The customer is also the focus of **mbrace**, an assistance system for Mercedes-Benz cars in the U.S, which provides added safety, especially in emergencies, expands navigation options, enables vehicles to be remotely checked, and offers a wide range of services. In the event of an accident, the mbrace center is contacted automatically. The center then sends help immediately, regardless of the time of day or night, 365 days a year. A vehicle equipped with mbrace can be locked and unlocked with a smartphone. The system enables all key vehicle data to be called up at any time, and can also be used to schedule service center appointments.

In demand everywhere



4.3

A car2go vehicle is rented somewhere in the world every 4.3 seconds. The system now offers more than 5,600 smart fortwo cars (including 625 battery-powered models) in numerous cities in Europe and North America. Well over four million fully automatic rental transactions have been carried out to date, and nearly 140,000 new rentals are recorded each week.

The online-based **@yourCOMAND** telematics system goes a step further, as is illustrated by the F 125*!* research vehicle. The system offers a preview of future infotainment features in Mercedes-Benz cars. The F 125*!*, for example, maintains a continuous wireless link to a cloud server. This opens up many possibilities, since the vehicle becomes a part of the global data network and can call up a large number of mobility services. @yourCOMAND is also extremely user-friendly. The system understands spoken language and gestures and can also access the cloud to obtain a context-related interpretation of a voice command. As a result, natural voice input can be used to carry out navigation operations, request the latest news, access entertainment content, update appointments, and send and receive text messages, e-mails, and Facebook posts. “The F 125*!* is a fully functional concept that demonstrates how the ‘sharing society’ can be brought into the vehicle,” says Weber. “As a result, our innovative research vehicle from Mercedes-Benz offers a realistic look into the future of mobility.”

Car-to-X communication is another forward-looking technology from Daimler that will have a major impact on mobility services through its ability to network vehicles. Car-to-X significantly expands a vehicle’s range of vision — the “telematic horizon.” It can issue an alert to warn drivers about a hazard up ahead long before they reach it — for example, the end of a traffic jam on the other side of a hill or black ice on a bridge. These safety features are supplemented by convenience functions such as the suggestion of routes to the next free parking space and the transmission of signals to traffic light systems. Thanks to the latter function, the traffic lights can adapt their switching in line with current traffic volumes. The optimized traffic flows enabled by car-to-X communication can also make a major contribution to ensuring efficient and therefore sustainable mobility.

“Mobility is the sum of all the systems on offer,” says Weber. “Daimler’s innovative vehicle concepts and new networked services put it in an ideal position to provide mobility services. We pay very close attention to the market and to our customers, for whom we continue to develop new possibilities and concepts. This approach also enables us to fully exploit the extensive potential of our vehicles with respect to sustainability.”

FleetBoard: The telematics system is used in trucks, but that’s not all. Its real-time vehicle monitoring feature is also suitable for buses and vans.

car2gether: The pilot project in Ulm and Aachen revealed the huge demand for carsharing services — even for short trips.

Sustainable mobility is one of the topics addressed in this discussion between experts. Various other themes are also taken into account.

The participants

Professor Ernst Ulrich von Weizsäcker
- Doctorate in natural sciences
- Leading positions at universities and institutions; selected recent positions: UN Center for Science and Technology for Development; Institute for European Environmental Policy; Wuppertal Institute for Climate, Environment and Energy; Bren School of Environmental Science and Management.

Professor Herbert Kohler
- Doctorate in engineering
- Joined Daimler-Benz AG in 1976. Was appointed to various managerial positions within the company, recently including: Head Office Research Vehicle Body and Drive Systems; "E-Drive and Future Mobility"; Head Office Research and Early Development; Chief Environmental Officer of Daimler AG.

Mobility — a basic human need

In dialog: Professor Ernst Ulrich von Weizsäcker and Professor Herbert Kohler

In the mid-1990s, a report sent to the renowned Club of Rome caused a sensation. Its striking title was *Factor Four: Doubling Wealth, Halving Resource Use*. The report, which was co-authored by Ernst Ulrich von Weizsäcker, Amory Lovins, and Hunter Lovins, points out ways in which resources can be used more effectively with the help of economic mechanisms in order to ultimately improve the quality of life for human beings and their natural environment. This message has not lost any of its relevance today. In this discussion, Ernst Ulrich von Weizsäcker and Herbert Kohler talk about *Factor Four* and issues related to sustainable mobility.

Professor Herbert Kohler: The theses formulated in *Factor Four* impressed me greatly. Doubling wealth and halving the use of resources sounds like a very ambitious project. However, given the ideas involved, I think it's still relevant today.

Professor Ernst Ulrich von Weizsäcker: That was exactly our aim — to present an ambitious target, while pointing out feasible ways of reaching that target. At that time, our team of authors was convinced that efficiency could be significantly boosted in several areas of the economy while using resources more sparingly. After all, the global population is growing, but we only have one Earth for all people to live on. In other words, an increase in efficiency is essential for the survival of the human race. Improving technology, for example in the automotive field, is one way of moving closer to this goal. My friend Amory Lovins was already toying with ideas for a car that would need only one liter of fuel to drive 100 kilometers.

Kohler: I remember this vehicle concept very well. Amory Lovins presented it to us personally in great detail, and we had intensive discussions about it. At that time I was working in the company's product planning unit. Lovins had a comprehensive answer ready for every question that was asked about the technology. We picked up many good ideas — and implemented

More efficient and more sparing use of natural resources – an ambitious but sustainable goal.

them in our own way, for example in the areas of lightweight construction and drive technology. Of course, we are still some distance away from a one-liter car as a massproduction vehicle. However, the fuel consumption of our vehicle fleet as a whole has decreased by almost 40 percent since the mid-1990s. That represents major progress in terms of saving resources.

Von Weizsäcker: Automobiles and their technology are just one issue. In *Factor Four* we also looked at patterns of use, for example sharing cars in an organized way through carpools. At the time it was a relatively new approach, but today it's an everyday occurrence in many cities.

Kohler: Daimler picked up on this idea and created an innovative product called car2go. It provides car2go vehicles for spontaneous rental in various cities in Europe and North America. The program now has more than 150,000 registered customers. The next step is to electrify this vehicle fleet.

Von Weizsäcker: This brings us to another future-oriented theme related to mobility – one that still presents us with huge challenges. Batteries are very heavy energy carriers, and this in turn brings disadvantages in terms of efficiency. Besides, an electric car is environmentally friendly only if the power comes from renewable sources.

Kohler: I completely agree with you. We are working intensely on the various technologies related to battery-powered vehicles, because they present a possible transportation option – in cities, for example. Another future prospect we are working on is the fuel cell. In the automotive sector we probably have the largest amount of experience in this area.

"An electric car is environmentally friendly only if the power comes from renewable sources."

Professor Ernst Ulrich von Weizsäcker

"I believe that mobility concepts open up many prospects, especially for an automaker. After all, mobility concepts have always been at the heart of our services."

Professor Herbert Kohler

Von Weizsäcker: The fuel cell is a good thing, in my opinion. But here as elsewhere, we have to look at the entire energy production chain to see if it's sustainable. And then there's also the issue of an infrastructure for the supply of hydrogen, which is needed to power the fuel cell. But isn't infrastructure a topic that must be addressed by a company like Daimler in relation to all sorts of technology – be it a battery-charging system or the hydrogen supply?

Kohler: Our product portfolio currently offers direct mobility solutions – be it vehicles or the closely related services. But we are also dealing with infrastructure issues. Let me give you two examples. We have financed a wind power facility in Germany in order to make a strong statement concerning our support of energy from renewable sources. This facility delivers enough electricity to power every newly registered smart with an electric drive in Germany. Together with the Linde company, we are committed to partially financing a network consisting of 20 hydrogen recharging stations. The German government is also supporting this project, which is currently being implemented. In other words, the first steps have been taken. At Daimler, we continually review the infrastructure issue, but many questions still need to be answered.

Von Weizsäcker: You mentioned before that you were intensely studying *Factor Four*. From your point of view, what factor has Daimler achieved since the book was published?

Kohler: That is not an easy question to answer, because the factors influencing the quality of life and the use of resources are very diverse. But I would say that for a corporate group like Daimler, Factor Two is absolutely realistic, compared to the situation in the mid-1990s when the book was published. Locally emission-free vehicles, in combination with energy from renewable sources, are helping to point the way forward. I believe the factor that Daimler has achieved may even be somewhat greater than two. But that's not the main issue. The important thing is that we have the momentum to make a big step forward. That is obvious when you look at our current product range. However, I would like to emphasize that in order to achieve a higher factor – and that should be a future aim – everyone involved has to work together. By everyone, I mean the company, political decision-makers, and the sector's associations. Moreover, innovative products are pointing out entirely new directions toward the future of mobility. One example from our portfolio is moovel. This smartphone app makes it possible to include various means of transportation – for example, a car and public transportation systems – when you plan a journey. I believe that mobility concepts open up many prospects, especially for an automaker. After all, mobility concepts have always been at the heart of our range of services, right down to the present day.

Von Weizsäcker: I have dealt extensively with mobility concepts in a recent book I wrote together with Karlson Hargroves and Michael Smith. It's called *Factor Five – Transforming the Economy through 80% Improvements in Resource Productivity* and is also a report to the Club of Rome. Among other things, it analyzes ways to use different means of transport – such as cars, commercial vehicles, and planes – more sparingly without significantly limiting mobility. Achieving this feat would greatly help to conserve resources and increase the improvement factor. That's the goal, and we must do everything possible to achieve it.

Kohler: Daimler is facing up to the issues of the future, because mobility remains a basic need of human beings. Providing mobility has been our goal as long as the company has existed – in other words, since the invention of the automobile more than 125 years ago.

Doubling wealth – halving resource use

Factor Four.

- Report to the Club of Rome, published in 1995. It contains four sections.
- Section 1 lists examples of energy productivity, material productivity, and transport productivity that have been increased by a factor of four.
- Section 2 deals with the possibilities of increasing resource productivity by means of market forces.
- Section 3 examines environmental protection initiatives.
- The final section argues that in the future the standard of living will be measured not by means of the gross domestic product per capita, but rather in terms of the quality of life and related improvements.

Text: Richard Kienberger

Daimler India Commercial Vehicles — an example of internationality and sustainability

India is entering a new era. The country's economy has been booming for several years and is now also making a sustained impact on the global economic system.

1.2 billion — that's how many people live in India. It's a massive number with an impact on all aspects of life in the country. India's population is about 2.5 times as large as that of the European Union even though its total land area corresponds to only 75 percent of the land area of Europe. India has been undergoing a fundamental transformation for several years as it strives to become one of the world's most influential economic powers.

A conflict of goals will always arise when a global player such as Daimler begins to consider establishing a sustainable business presence in the new Asian growth market, in accordance with the principle of "think globally, act locally." That's because of the broad diversity of economic processes in the Asian market, which range from pre-industrial production techniques to state-of-the-art high-tech manufacturing systems. For example, which standards should the company adhere to, and which solutions are feasible under the conditions of the Asian market? Both questions apply to issues such as the design of new manufacturing facilities and the technical standards of the products Daimler will offer on the subcontinent in the future.

Daimler is opening up the Indian market with a business unit that was put into operation in record time: **Daimler India Commercial Vehicles (DICV)**. The unit, which was established in 2009, has been manufacturing trucks tailored to the Indian market under the BharatBenz brand name at a plant near Chennai (in the federal state of Tamil Nadu) since June 2012. DICV is also responsible for development, sales, and aftersales services. Thanks to its sophisticated planning, Daimler has achieved success with its new production facility, which carries out both truck assembly and component manufacturing operations. The Group has succeeded in living up to its own standards as an environmentally responsible company while playing a pioneering role in India. The BharatBenz trucks that DICV

provides to Indian shipping companies represent a quantum leap from the current level of technology. What's more, thanks to **local production** these trucks can nevertheless be offered at attractive prices.

However, DICV makes absolutely no compromises when it comes to compliance, an issue that is currently a major topic of discussion in India. In this area, the company consistently meets the standards it has set for itself — without any exceptions. It's also a matter of course for DICV to recruit most of its workforce from the local Indian population. The new south Asian business unit was set up with the help of only a few Group representatives from Germany, and that has created a strong sense of common identity among the employees. The achievements in the Chennai region are mainly due to the tremendous efforts of the highly motivated Indian workforce.

A reliable supply chain lowers transport costs

Another big advantage for Daimler is the fact that economic and ecological benefits reinforce one another when it comes to implementing the basic concept behind its new truck production facility. The initial sketches and planning operations for the new facility in the southern Indian city of Oragadam were preceded by the development of a basic strategy for the design and production of BharatBenz trucks. The chosen solution included a large share of locally manufactured components — approximately 85 percent — and the incorporation of Indian supplier companies, most of which had never before worked for Daimler.

In other words, this concept basically requires that the truck components should be transported directly to the plant where final assembly is carried out. However, the well-known limitations of India's transport infrastructure also necessitated a focus on **supply chain reliability**. In this case, keeping transport distances as short as possible, or avoiding transport altogether, serves two major objectives: protecting the environment and optimizing the production process. The supply chains are organized to ensure that 44 percent (in terms of value) of all required components are obtained from manufacturers with headquarters in Tamil Nadu — the state where the DICV plant is located. Two companies are actually situated directly in the plant complex, where they have built production facilities in a specially designed supplier park. Among other things, these firms manufacture longitudinal frame members that would normally give rise to high transport volumes. However, thanks to the supplier's close proximity to the truck manufacturing plant these parts can be delivered easily and directly to the assembly lines.

The plant planning process also focused on solutions that definitely set new benchmarks for commercial vehicle production in India. These solutions range from the sophisticated design of the production halls to the movement of production materials and auxiliary materials, as well as the installation of climate-control systems in offices. DICV also signed an electricity supply agreement with the state of Tamil Nadu, which is supporting the construction of a giant industrial park in Oragadam. When complete, the industrial complex will set new standards for the entire country. The agreement calls for the state to guarantee that the truck plant receives a stable supply of electricity (output of up to 25 megawatts) in return for a pledge by DICV not to install diesel generators, which are commonly used all over India to provide power during the country's frequent blackouts. This setup also makes it possible for DICV to avoid producing additional emissions. The hot water boilers needed for production operations and the ovens used in the paint shop are operated at a high level of efficiency in line with the usual practice at all Daimler plants.

Complex water management

The plant in Chennai is located on swampy ground between two lakes. The site therefore needs to be constantly drained with the help of various drainage systems located in and around the plant. In particular, these systems also have to handle large volumes of water in the monsoon season. To ensure that this water nevertheless

A new facility in southern India

The new Daimler India Commercial Vehicles plant

The government of the southern Indian state of Tamil Nadu plans to transform the region around Chennai into a **new center for the Indian automotive industry**. It is therefore trying to attract companies by expanding the local infrastructure and making commercial space available. A large number of enterprises have set up operations in the vicinity of the DICV plant. They include an automotive research center, a large tire factory, and many other production facilities operated by various companies from the sector.

Daimler examined several possible sites for the plant, but ultimately chose Chennai (where part of the DICV management team is housed in a business park). During the planning phase of the facility, **both ecological and economic** aspects were taken into account. The new central warehouse in Chennai, which will be completed in the spring of 2013, will actually produce most of the energy it needs for its daily operations.

Typically Indian: Trucks have to share the road with cows and goats.

A sophisticated water management system ensures that process water is never wasted and rainwater is returned to the local ecosystem.

remains in the local ecosystem, it is collected in a huge reservoir and channeled into the two lakes via pipes in accordance with a concept known as **"rainwater harvesting."** The water needed in the plant, on the other hand, is taken from wells dug by the company, or else provided by a local supplier and then processed in DICV's own waterworks. Depending on its intended use – in other words, in the production process, at sanitary facilities, or as drinking water – the water is then fed into the appropriate water cycle system. Wastewater is channeled to an onsite sewage treatment plant, where it is processed, filtered and, depending on the degree of purity that can be achieved, fed back into the cycle. In line with our sense of responsibility for the environment, we are operating our state-of-the-art water purification facility in a region that suffers from an acute water shortage.

After all, the company has voluntarily pledged to pursue a "zero discharge" policy that goes far beyond simple process water purification and stipulates that DICV will not release any liquid or solid pollutants into the environment through the water cycle. The solid waste created by all plant sections during their manufacturing processes is temporarily stored in a central waste collection station and regularly sent from there to Tamil Nadu's waste disposal system. This approach to waste collection and recycling has been the norm at other Daimler plants for quite some time. However, the reality at many facilities in India is very different. The same can be said about another preventive environmental protection measure taken by

DICV: the construction of special collection stations located outside the paint shop. These stations play a critical role in the event of a fire, which could have severe environmental consequences. The stations have been specially designed to deal with the contaminated water that was used to extinguish the fire, and thus help to minimize the ecological impact of the accident.

Largest company-operated solar plant in Tamil Nadu

The facility planning process also had to take into account the extremely hot weather that is common in the summer in southern India, where temperatures are often well over 40 degrees Celsius. For this reason, all of the plant halls have insulated ceilings to ensure that temperatures remain bearable even without any air conditioning. This not only conserves electricity but also **improves conditions for the workers**. The consumption of electricity is also reduced with the help of a clever lighting design. In particular, walls and ceilings are lined with transparent materials that eliminate the need for artificial light during the day.

The office buildings at the plant are equipped with energy-efficient and heavily insulated windows — a feature that is not common in India. In addition, an effective building management system precisely controls the air conditioning units to ensure that these energy-intensive devices only operate during working hours.

A special highlight at the facility is the new logistics complex that opened at the beginning of 2013. Designed as a low-energy building, the complex will eventually house all spare parts for the Aftersales unit and ship such components to dealers as needed. The logistics center is also designed to be virtually self-sufficient. Among other things, its roof is equipped with solar cells. In order to maximize efficiency, these cells are mounted on a special grid and arranged in a manner that enables capturing the greatest possible amount of sunlight. The solar power facility's output of approximately 300 kilowatts is high enough to supply most of the energy needed to operate the complex. This output also makes the electricity-generating roof **the largest company-operated solar plant** in Tamil Nadu.

Prepared for growth

36,000

trucks per year can currently be produced at the new plant, which is located in Oragadam near Chennai. However, the facility has been designed in such a way that the capacity can be doubled.

New commercial vehicles consume approximately ten percent less fuel

A few minutes on the streets around the Oragadam plant are all it takes to see how things are usually transported in India. People and goods are often carried on antiquated ox and donkey carts with two, three or four wheels, or in buses that only remotely resemble the vehicles of the same name that can be seen in Europe. Still, one should not be too quick to judge: A few years ago, public and privately operated transport vehicles in Delhi — buses, taxis, and the popular motorized three-wheelers — were retrofitted with environmentally friendly natural gas drives within the space of just one year.

On the other hand, there is no doubt that commercial vehicles for India have to be designed on a completely different level than the

Education and training: A new middle class in India now enjoys better educational opportunities. DICV employees receive extensive training.

Production launch in Oragadam: Operations will be stepped up gradually so that the plant can grow organically. Quality is more important than quantity.

New kid on the block: BharatBenz trucks are setting a new standard on the streets and highways of India.

Stable enough for tough jobs: A BharatBenz truck cab undergoes a crash test.

products Daimler sells in its traditional markets. With the product portfolio it now offers under the BharatBenz brand name, DICV is pursuing a strategy that utilizes customized vehicles to reconcile the contradiction between "progressive" and "affordable." The trucks developed by the Group within the framework of a modular system have certainly established a **new level of quality** in India. In addition, in terms of environmental considerations they embody an important aspect of Daimler's sustainability strategy. Fuel consumption is the first thing that comes to mind here, as Daimler's trucks are at least ten percent more fuel-efficient than most of their counterparts in India. Longer maintenance intervals and recyclable raw materials such as plastics also make Daimler trucks the new benchmark in the Indian commercial vehicle sector. As a globally operating industrial group, Daimler also has a big advantage in that it can begin to offer its tried-and-tested solutions as soon as the conditions required for the next level of progress in India have been established. These conditions include better fuel quality, improved training for service staff, better equipment at service centers, higher business income, and an updated legislative framework, to name just a few of the most important factors. The implementation of such solutions – for example, the conversion to engines that comply with more stringent emission standards – can be implemented by Daimler more quickly and at lower cost than by companies that lack comprehensive modular component systems consisting of proven state-of-the-art products. DICV CEO Marc Llistosella believes the company should grow organically – one step at a time. Once a stable sales structure has been established, DICV plans to begin offering light, medium, and heavy-duty commercial vehicles built in India to other emerging markets that have similar conditions.

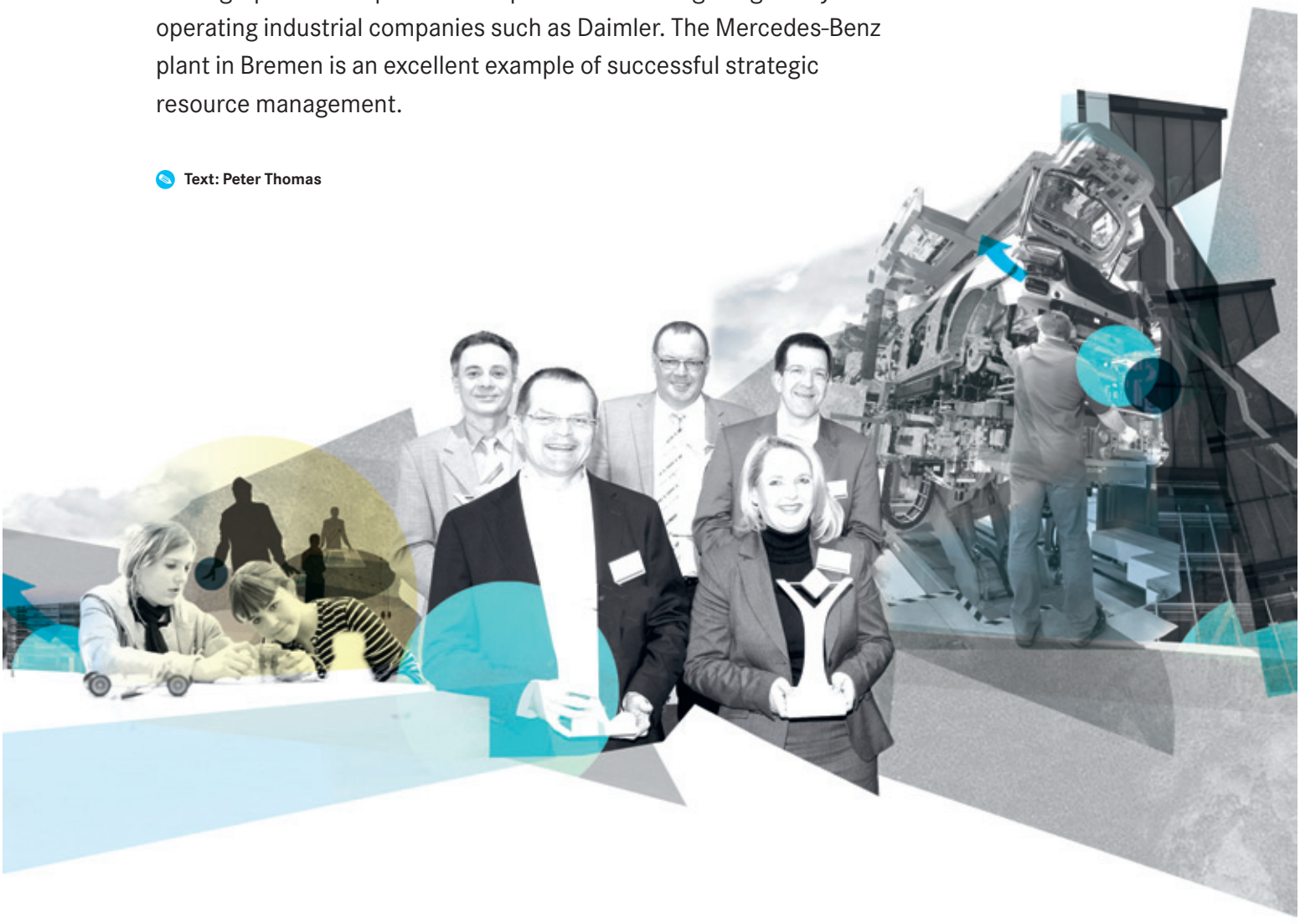
There is every reason why the master plan should work. However, DICV isn't taking any chances. It is therefore doing everything appropriate to ensure success in India. For example, before construction of the new plant even began, DICV arranged for dozens of venomous snakes at the site to be collected and released in another location. Specially trained experts known as *vashtus* were also consulted in order to ensure that the buildings would be planned and situated in a manner that would not displease the gods who are responsible for eternal elements such as earth and fire. This was DICV's way of showing **respect for the local culture**, which is a must for any company that wishes to maintain a long-term presence in India.

Other animals have by now discovered the site. Today there are frogs living in the rainwater reservoir, and birds and rabbits can be seen on the lawns. The first trucks have long since been sold to customers. The pace at the plant is picking up every day – BharatBenz is on the move.

Shaping the future of work

Demographic developments also present a challenge to globally operating industrial companies such as Daimler. The Mercedes-Benz plant in Bremen is an excellent example of successful strategic resource management.

Text: Peter Thomas



Employees who begin their careers with solid professional training have a better chance of success when it comes to career development. This statement also applies to older employees, whose expertise and abilities are becoming more important to companies as they strive to address the challenges associated with demographic transformation. The promotion of a healthy lifestyle and support for lifelong learning are therefore two of the many levers employed in Daimler's **generation management** system.

Daimler's approach to this issue also includes knowledge sharing between older and younger employees, which is one of the measures being taken in response to the rising average age of the company's workforce. For example, the average age of Daimler employees in Germany in 2012 was 43. According to human resources specialists, this figure is expected to increase to about 47 by 2021.

Award for strategic resource management in Bremen

The Strategic Resource Management (SRM) system in use at the Mercedes-Benz plant in Bremen is an outstanding example of successful generation management in action. In 2008, the plant management team made the decision to prepare the production location and its roughly 12,800 employees for the challenges associated with an aging workforce. At the beginning of 2012, a newly established SRM team assumed responsibility for all activities. In the same year, the plant's SRM system also received the German Human Resources Management Award for its innovative approach to establishing a sustainable HR policy.

"The unevenly distributed age structure of the Bremen workforce poses a special challenge to resource management," says Sherly

Sustainable and long-term development

12,800

people work at the Mercedes-Benz plant in Bremen. The facility's resource management system ensures the long-term professional development of employees and the plant's continued competitiveness by taking demographic conditions into account.

Rajan, Head of Strategic Resource Management at Daimler in Bremen. This imbalance began in the 1980s, when a very large number of new employees between the ages of 20 and 30 were hired in Bremen in order to meet the high demand for Mercedes-Benz cars produced at the plant. This relatively homogeneous group is still working at the factory, and its wealth of experience is much appreciated. However, its presence makes the share of older employees in Bremen relatively high.

Daimler has set itself the goal of retaining and enhancing the skills of these employees, while striving to create and safeguard a **balanced age structure**. The approach includes anticipatory planning when recruiting new trainees and entry-level employees. To ensure the sustainable development of the workforce, the Human Resources department in Bremen has developed a process that helps determine the need for trainees and Cooperative State University students. The evaluation can be carried out at any time and takes future requirements into account. The factors that affect the decisions taken include the age structure of the current workforce, product innovations, general market developments, technological advancements in production, and other parameters, including the professional interests and expectations of today's graduates.

Designing careers in line with future developments

New challenges for employees who have been at the company for many years

The workforce and the company benefit equally from the expertise of experienced employees that is retained in the production units over the long term. However, not all workers can continue to perform every job without restrictions until they retire. Daimler's resource management approach therefore includes offering employees – especially older workers – targeted training programs in professions that have a bright future but are less physically challenging. For example, thanks to special training measures, assembly workers at the Bremen plant have been able to acquire additional skills that enable them to operate machines in the body-in-white shop.

To ensure the sustainable development of the workforce, the HR department determines the need for trainees and Cooperative State University students.

Gateway to a bright future: Training for new employees at the Bremen plant is part of a long-term planning process.

Retraining, continuing education, and new responsibilities

The sustainable **human resources management policy** in Bremen also includes targeted retraining and continuing education measures in line with the plant's requirements. This ensures that human resources are used efficiently and in a manner that optimally corresponds to the employees' capabilities. As an example, Rajan points to programs that have successfully trained assembly workers to become machine operators in the body-in-white shop. "What we did here was to give older employees the skills they need to perform jobs that not only offer a more secure future but are also particularly suitable for them in ergonomic terms," says Rajan. Such qualification measures cannot be planned in a general manner but must be developed individually and in detail. "The key thing is that such instruments should be precisely aligned to the needs of the respective target group. Here it is especially important that the ages, previous training, and current jobs of the employees in question are taken into account," she says.

If these conditions are met, employees will be enthusiastic about embarking on the new path and taking on new responsibilities. Another **adult qualification** measure at the Mercedes-Benz plant in Bremen involved training automotive mechanics to become machine tool mechanics. This example represents another innovative approach to sustainable human resources development.

This approach is also appealing because it has been intentionally designed for all employee generations in Bremen. Here older workers are trained for new jobs side by side with young trainees. These measures provide a great example of learning together, and from one another, across all age groups. Daimler has become a benchmark thanks to the system it uses in Bremen. Altogether, more than 200 employees in Bremen have been retrained and reassigned to new jobs since 2010.

The plant is thus making a further contribution to maintaining employee health over the long term, while permanently improving employee productivity and performance. This sustainable human resources policy is one of the things that makes the Bremen plant a particularly attractive employer. Moreover, active promotion of older employees' ability to perform underscores the company's appreciation of their long-standing experience and specialist knowledge.

All in all, it can be said that the establishment of the Strategic Resource Management team was the right decision. It was also an important one. The team is taking on responsibility for the sustainable development of all employees in Bremen. It also plays a key role when it comes to implementing the strategic goals of the Mercedes-Benz Bremen plant – and thus the goals of the entire Mercedes-Benz production network.

Success through sustainable business operations

Dialog: Dr. Christine Hohmann-Dennhardt and Georg Kell

United Nations Initiative

UN Global Compact

The United Nations Global Compact is the world's largest corporate sustainability initiative. Its participants have committed themselves to orient their business operations and strategies according to ten principles in the areas of human rights, labor standards, environmental protection, and anti-corruption measures. In 2000, Daimler was one of the first signatories of this initiative and has since played a key role in structuring the initiative's activities. Since 2011, Daimler has been a member of LEAD, the UN Global Compact's leadership platform for advanced sustainability practices.

Compliance, adherence to regulations, integrity – all of these concepts have become extremely important these days, in large part because of economic and financial crises. Crises triggered by corrupt practices have also led to a change of attitude in society in general, a greater demand for openness and transparency, and a new sense of values. Rights and values are the focus of the work carried out by Dr. Christine Hohmann-Dennhardt, Member of the Board of Management of Daimler AG, Integrity and Legal Affairs, and Georg Kell, Executive Director of the UN Global Compact.

Mr. Kell, what has been the reaction to the UN Global Compact as a transnational integrity code? How would you assess the situation after more than 12 years of the UN Global Compact?

Georg Kell: The UN Global Compact and corporate sustainability have come a long way in a little over a decade. With over 7,000 participating companies from 135 countries, the UN Global Compact is the largest voluntary corporate sustainability initiative in the world. Its growth shows that companies everywhere are putting sustainability on their agendas, and that promising and progressive work is under way. Participants are taking steps to respect and support human rights, ensure decent workplace conditions, safeguard and restore the environment, and enact good corporate governance – and then reporting publicly on progress. Companies are also moving into innovative spaces that drive business and investor success while delivering societal value.

Dr. Hohmann-Dennhardt, Mr. Kell: In your opinion, what are the central issues with regard to observance of the rules, and what are the resulting challenges for individual companies?

Dr. Christine Hohmann-Dennhardt: For us as a company, compliance means conducting our business operations properly and honestly. As a founding member of the UN Global Compact and a member of its LEAD platform, we have pledged to adhere to the Compact's ethical principles and act in a sustainable manner. We all need rules to guide us, because rules and regulations establish a sense of security and create a framework for personal freedom of action. At the same time, excessive regulation takes away our ability to assume responsibility and use common sense to make decisions. In other words, it's essential that the rules a company makes for itself are grounded in a shared understanding of values. This is the only way to ensure that employees will understand and accept the rules.

Kell: The UN Global Compact is designed as a voluntary initiative that is a complement to, and not a substitute for, regulatory action. The UN Global Compact seeks to establish the business case for human rights, labor standards, environmental stewardship, and the fight

"It is essential that the rules a company makes for itself are grounded in a shared understanding of values."

Dr. Christine Hohmann-Dennhardt

Success and integrity – how are they related?

against corruption; provides opportunities for learning, dialog, and collective action to foster improvements in businesses' sustainability; and promotes innovations in relation to good corporate citizenship. Partnership and coordinated efforts by a wide variety of actors are important tools to advance a systemic change. Public-private collaboration is evolving, with partnership models increasingly striving for transformational impacts, for example in policy, market structure, and social norms. Corporate commitments – individual or collective – to advance sustainability goals can also make important contributions.

Dr. Hohmann-Dennhardt, you have subjected the regulations and value systems at Daimler to intensive analysis. What was most important to you in this respect?

Hohmann-Dennhardt: We accomplished a great deal at Daimler last year. For example, we reduced the number of our internal regulations from more than 1,800 to less than 700. We also engaged in a broad-based dialog with our employees in order to develop a common understanding of our corporate value of integrity. The large amount of positive feedback we received during this process reinforced our conviction that this was the right step for creating the required conditions for correct behavior. We also used the employee feedback as a basis for the development of our new Integrity Code, which serves as a guideline for appropriate conduct. The code summarizes our view of the form integrity should take at the company.

How should problems such as human rights violations and corruption be penalized, and is it possible to eliminate them over the long term?

Hohmann-Dennhardt: Human rights violations and corruption are now prohibited in large parts of the world. Nevertheless, regulations for the prevention and sanctioning of violations can only be effective in countries that also have a well-functioning legal system. Moreover, it is important to have wide-scale public awareness of the problem and to anchor these issues in the social consciousness. The international community – as well as all of us – must make a continual effort to eliminate injustice and prevent crimes from being committed. It is true that individual black sheep who will always violate regulations or behavioral standards with criminal intent can never be fully restrained. However, it is the duty of each individual to take a categorical stand against unethical practices when confronted with them – whether in business, politics, or the private sphere.

“Corruption is the single greatest obstacle to economic and social development around the world.”

Georg Kell

The participants

Georg Kell

- Executive Director of the UN Global Compact
- Kell, a German, began his career at the United Nations in 1987 and is now continuing his involvement with the UN in the private sector. He is one of the key architects of the UN Global Compact and has headed the initiative since its foundation in 2000.

Dr. Christine Hohmann-Dennhardt

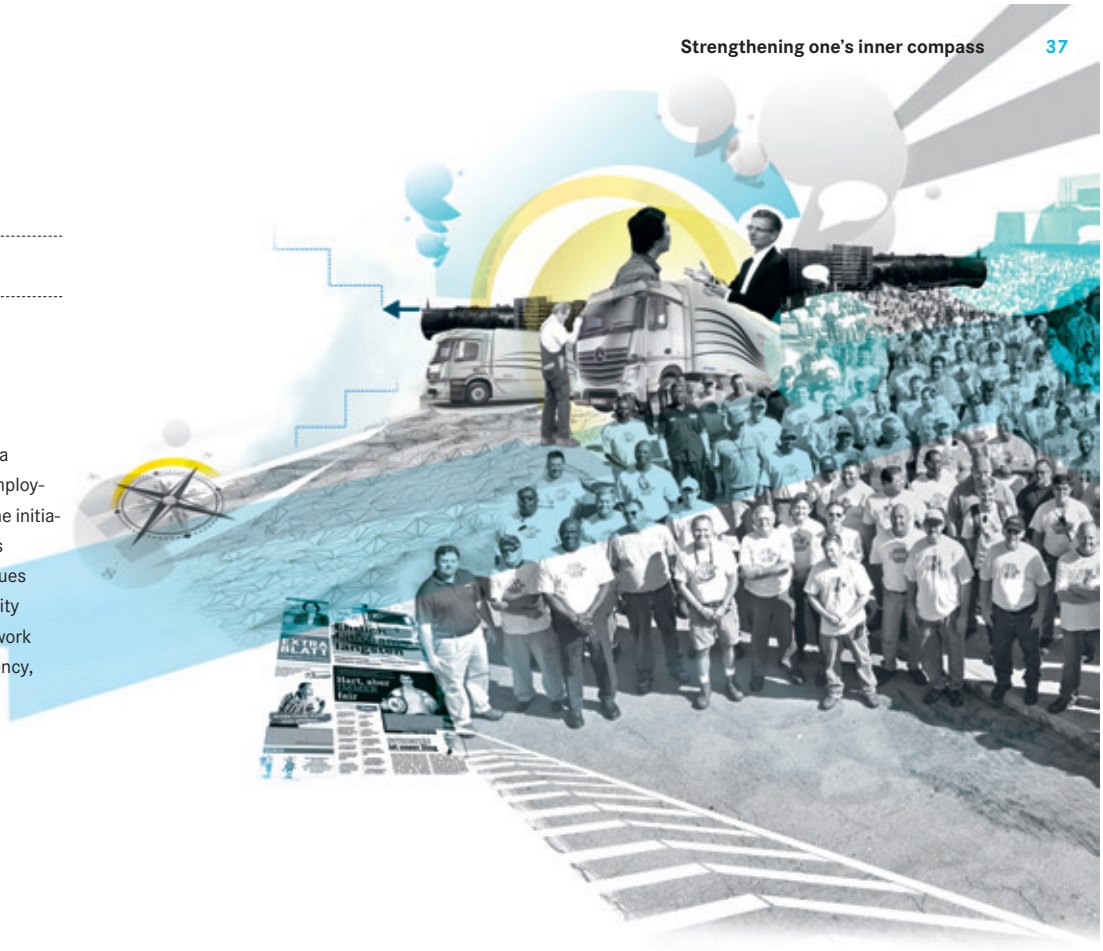
- Holds an LL.D. degree
- Member of the Board of Management of Daimler AG, responsible for Integrity and Legal Affairs. In her capacity as a judge, she was a member of the First Senate of the German Federal Constitutional Court from 1999 to 2011. Before assuming this position, she was Minister of Justice and subsequently Minister of Science of the German state of Hesse.

Kell: Corruption is the single greatest obstacle to economic and social development around the world. It has adverse impacts on a sustainable development, with disproportionate impact on poor communities. It also places considerable and costly impacts on the private sector, as it raises transaction costs, undermines fair competition, distorts development priorities, and impedes long-term investment. While governments have primary responsibility for enforcing anti-corruption measures, voluntary initiatives can play an important role. Governments can support companies’ voluntary efforts to integrate rigorous anti-corruption measures into strategies and operations; support corporations’ disclosure efforts; and promote innovative collective action and public-private partnerships. Currently, the UN Global Compact is engaged in collective action in five countries to stimulate lasting behavioral change.

How will legal and value systems develop in the future? What challenges will we be facing in ten years’ time?

Hohmann-Dennhardt: The most recent crises have shown all of us how economic and social situations, perspectives, and points of view can change. We are living in an era of global social upheaval and are being confronted with an increasing number of new risks, but also opportunities. We need to address the associated challenges in a responsible manner. On the one hand, this means maintaining proven approaches. For example, even centuries ago, the honest merchant or tradesman served as a role model for proper and sustainable business activity, and such businesspeople should continue to set the standard in the future. On the other hand, we have to deal with new challenges without any illusions. In addition, we must strive to overcome these challenges in a socially and ecologically acceptable way. This can only be accomplished with dedicated employees and through an ongoing dialog with our stakeholders. That is the only way to balance business success with ethically acceptable behavior.

Kell: We have seen that the world is fragmenting in ways that make it increasingly difficult to forge multilateral consensus. We also know that the world is ever more interdependent, and that the free flow of ideas, trade, and investment has brought enormous benefits, for example in the reduction of poverty worldwide. In the face of historic challenges, I fear that leadership for the long-term collective good is stagnating, and there is slow progress in developing smart incentive structures that reward good performance. On the other hand, business has shown it is willing to forge ahead. Companies increasingly recognize that their long-term success is closely tied to the well-being of the countries and communities where they operate. Corporate sustainability has grown enormously over the past decade, but it is not yet a transformative force. However, in order to reach the tipping point and ensure that corporate sustainability is a driving force for organizational change, we must scale up, look for inspiring solutions, and deepen engagement in this agenda.



Integrity Dialog

A framework of values for the entire company

The Integrity Dialog initiative seeks to establish a shared understanding of integrity among our employees through a Group-wide exchange of ideas. The initiative has resulted in a foundation of values that is accepted by the entire workforce, and these values have also been incorporated into the new Integrity Code. To our employees, integrity in their daily work means responsibility, mutual respect, transparency, and openness.

Text: Rüdiger Abele

Strengthening one's inner compass

Integrity is a top priority at Daimler. The launch of the Group's Integrity Dialog initiative at the end of 2011 kicked off a discussion about the significance of integrity at the company. The exchange of ideas that took place had already produced sustainable results by 2012.

"Playing by the rules is something that most of our employees take for granted. Nevertheless, there is recurring uncertainty as to what integrity actually means when it comes to normal working day activities, especially in situations where there is no right or wrong position." This quote from Christine Hohmann-Dennhardt, the Management Board member of Daimler AG responsible for Integrity and Legal Affairs, perfectly sums up the basic approach taken by the Group when it addresses integrity issues.

The **Integrity Dialog** initiative launched in November 2011 seeks to develop a shared understanding of what integrity means to employees from all levels of the hierarchy, all units, and all countries in their daily work.

Dialog events held at all Group units and in all markets brought together employees, managers, Board of Management members, and external experts for a discussion among equals concerning the significance of integrity and how to deal with difficult dilemma situations.

The goal of the discussion was to allow employees to compare their values with those of their colleagues and the company in order to strengthen their "inner compass" and develop a common basis of values across the company.

The events showed just how interesting a discussion about integrity can be. Daimler employees received strong backing for basing their daily behavior on a sense of integrity. The discussion confirmed that **integrity ensures greater freedom and the security of knowing that one is acting properly**. However, the question remains as to how business objectives can be achieved while preserving integrity. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars, asserts, "Only a company with integrity can be a world market leader." That will be a key goal for Daimler in the coming years.

The initiative's events have been supplemented by interactive features on the Group's intranet, including an **Integrity Blog,** that enable employees to continue the discussion and contribute additional opinions. By the end of 2012 we had reached more than 85 percent of our workforce with interactive dialog formats.

Present on site: Integrity Dialog gets employees involved and enables them to familiarize themselves with the issues.

Intensive discussion: Case studies from the normal working day revealed moral dilemmas that were examined and resolved.

Moreover, in line with the motto "Integrity in motion. Green light for respect, openness and fairness." a specially designed **Integrity Truck** was also sent out to help with the dialog at 18 Group locations in Germany. The Integrity Truck was visited by nearly 14,000 employees. The program was directed mainly at employees who work in production units.

The results of the dialog events have been collected and evaluated. The feedback clearly shows that integrity is very important to our employees, especially because they believe that it plays an important role in maintaining the company's **reputation as a premium automaker**. To our employees, integrity in everyday life means assuming responsibilty, being accountable for one's actions, mutual respect, openness and transparency. Integrity can only be ensured in a corporate culture that fosters an atmosphere of trust and mutual appreciation.

The employees' feedback has meanwhile been incorporated in the newly conceptualized Integrity Code. This Group Works Agreement stipulates the valid principles of behavior and guidelines for daily conduct. The code has established a commonly accepted, clear, and binding foundation for integrity at the company.

Moreover, all of Daimler's internal regulations were also closely examined. This process addressed questions about the degree to which daily operations are regulated, and leeway is given to employees to make their own decisions. It also determined which existing regulations should perhaps be tightened and which ones could be done away with altogether.

Rules are indispensable. This also applies to our cooperation in a company. Rules are points of reference during a complex business day, and they **provide a sense of security regarding one's own actions**. However, too many rules can make people unsure of what to do, and that can prevent them from taking on responsibility. To address this problem, Daimler has streamlined its internal regulations by reducing their number from around 1,800 to roughly 700. That has eliminated redundancy and created a clearer framework. The regulations now fulfill their purpose by providing a sense of security that encourages employees to assume more responsibility.

The issue of integrity doesn't affect Daimler alone. This is why the company established an **Advisory Board for Integrity and Corporate Responsibility** in September 2012. The board's members are respected individuals from the scientific community, business, politics, the media, and non-governmental organizations. The members, whose personal backgrounds ensure that they have extensive experience addressing issues concerning ethical behavior, are responsible for supporting the integrity process at Daimler critically and constructively.

Members of Daimler AG's Advisory Board for Integrity and Corporate Responsibility

- **Stefan Aust,** journalist, publicist and author
- **Professor Kai Bussmann,** Head of Economy & Crime Research Center, Martin-Luther-Universität, Halle-Wittenberg
- **Professor Helmut Holzapfel,** Head of the Department for Integrated Traffic Planning and Mobility Development, University of Kassel
- **Renate Hornung-Draus,** Managing Director of the German Employers' Association (BDA), Head of the Department of the European Union and European Social Policy
- **Professor Michael Kittner,** former Professor of Business, Labor and Social Law, University of Kassel and legal advisor for IG Metall
- **Professor Julian Nida-Rümelin,** Professor for Philosophy, Ludwig Maximilian University, Munich
- **Pierre Sané,** Board Member, UN Global Compact
- **Sylvia Schenk,** attorney in Frankfurt, Board Member of Transparency International Germany and German Olympic Academy
- **Professor Ernst Ulrich von Weizsäcker,** environmental scientist, climate expert and former Member of the Bundestag

Daimler also provides its business partners with information about its value-driven principles. In 2012 we published the brochure "Ethical Business. Our Shared Responsibility." This publication uses the principles of the UN's Global Compact to present the company's expectations regarding **ethical behavior in business relationships**. The brochure has been sent to more than 63,000 external partners worldwide, including all of our suppliers, joint venture partners, dealers, and marketing and sponsorship partners. Daimler also offers its business partners training courses that comprehensively address integrity and compliance issues.

Daimler's various activities show that the firm establishment of integrity as part of the corporate culture requires sustained and consistent measures and an ongoing dialog with all the relevant parties. The great interest in our integrity initiative and the positive feedback we have received strengthen our resolve to continue this process.

Tomorrow's emission technologies are the benchmarks for today's products

Visionary research and intelligent innovation management form the foundation of future-proof solutions in the automobile industry. With its future-oriented emission technology for cars and commercial vehicles, Daimler is demonstrating the importance of managing the company's inventive spirit as a sustainable resource.

Text: Peter Thomas

In the summer of 2012, one third of all Mercedes-Benz Trucks customers were already choosing vehicles that comply with the Euro VI emission standards – even though these standards will only apply to new vehicles that are registered from January 2014 onward. This overwhelming acceptance of the new generation of commercial vehicle technology is the result of a consistent development effort that has extended over a long period of time. In particular, Daimler engineers have cut the fuel consumption of the new engines while significantly reducing the emission of nitrogen oxides, particulates, and other substances. This development has surprised many experts. In principle, conformity with Euro VI automatically leads to an increase in fuel consumption, and it was generally not deemed possible to compensate for this increase through further development of vehicle and engine technologies.

However, an Actros equipped with a Euro VI engine now consumes around 4.5 percent less diesel fuel than a model equipped with the Euro V engine – and that's just one example. Since fuel costs account for between 25 and 30 percent of a truck's total operating costs, it pays to **invest in the technology of the future** today. "Such an investment saves shipping companies money," says Andreas Renschler, a member of the Daimler AG Board of Management and Head of Daimler Trucks and Daimler Buses.

The fact that Daimler's investment in innovative drivetrains is benefiting customers was also clearly demonstrated in the fall of 2012 at the IAA Commercial Vehicles show in Hanover, Germany, where Peter Ramsauer, Germany's Federal Minister for Transport, Building and Urban Development, announced that Euro VI-compliant vehicles

Group-wide innovation management ensures that creativity, ingenuity, and inventiveness are managed as future-proof resources.

will pay a lower highway toll in the future. This step is intended as a measure of financial compensation for the higher investment costs for a Euro VI truck, and the measure could go into effect in October 2013.

The Mercedes-Benz Citaro Euro VI was also voted "Bus of the Year 2013" at the IAA. It was the first city bus in the world to comply with the **stringent Euro VI emission limits**. Andreas Renschler has therefore called Daimler trucks and buses "the benchmark when it comes to environmental friendliness."

Commercial vehicles and cars will have to become increasingly environmentally friendly

Clean and frugal – these virtues will continue to power commercial vehicles from Mercedes-Benz and the other Daimler brands in the future. After all, the demand for transport services will continue to grow in the coming years, with freight traffic as the strong backbone of the transport chain. Andreas Renschler estimates that the worldwide transportation capacity of commercial vehicles will triple by 2050. "For purely economic reasons alone, there will be no alternative to fuel-efficient technologies and sustainable engines," he says.

As a company driven by innovation, Daimler has long viewed the increasingly stringent emission standards as an opportunity. For example, the new Actros, which was unveiled in 2011, conformed to the Euro VI standards more than two years ahead of the deadline

Taking the lead into the future: In 2012 the new Mercedes-Benz Actros already complied with the Euro VI emission limits that will go into effect in 2014.

Leading by example: The BlueTEC version of the Mercedes-Benz M-Class that was introduced in 2011 generated even lower emissions than the limits specified by the Euro 6 standards.

Award winner: Named "Bus of the Year 2013," the Mercedes-Benz Citaro Euro VI sets the standard for low emissions in regular-service operations.

for newly registered vehicles. That was a strong statement to customers all over the world. Once again Daimler had underscored the fact that it is proactive when it comes to developing **innovative solutions** in response to the challenges associated with environmentally friendly and sustainable mobility.

The situation for cars is similar to that for commercial vehicles. Newly registered cars will be required to conform to the Euro 6 standards from September 1, 2015 (the date for the corresponding type approval is September 1, 2014). At the Geneva Motor Show in 2007, Daimler already presented the Vision 220 BlueTEC concept car, whose four-cylinder diesel engine was in compliance with the emission limits of Euro 6. The ML 250 BlueTEC 4MATIC and the ML 350 BlueTEC 4MATIC models of the new M-Class presented in 2011 are examples of production models that stay well within the **Euro 6 limits** in advance of the deadline. The BlueDIRECT drive systems from Mercedes-Benz, which will be installed as a four-cylinder engine in the new A-Class for example, also conform to Euro 6.

There is a distinction between the two definitions used here. For cars, the emissions produced over a specific distance are measured; in the case of commercial vehicles, the emissions are measured for every unit of work performed by the engine. Adherence to the relevant standards is checked using test rig measurements.

A wealth of ideas as a resource for the future

Radically innovative steps such as **simultaneously reducing fuel consumption and pollutant emissions** are only possible when engineers and designers improve many different factors at the same time. In addition to new engine technology, the Euro VI trucks from Daimler have therefore also been fitted with improved axles and transmissions as well as aerodynamically optimized cabs. These various solutions, which have been incorporated into series production, have come from throughout the Group. Daimler's potential for development and innovation is one of its most important assets.

Group-wide innovation management is responsible for supporting and channeling innovative development processes. This too is an example of a sustainable business practice – namely, the management of creativity, ingenuity, and inventiveness as future-proof resources. The bedrock of innovation management is a knowledge network that interconnects Daimler locations worldwide. This network enables the almost 20,000 employees from Research and Development to work across disciplines on projects for the future. **Innovation management** ensures that these projects are focused on meeting current and future market requirements. In this way, new ideas from different areas can be rapidly incorporated into series production in a targeted manner.

Daimler has been committed to innovation since the invention of the automobile by Gottlieb Daimler and Carl Benz. The list of technical developments incorporated into series production by Mercedes-Benz which are now standard throughout the international automotive industry is very long. They include the airbag, the anti-lock braking system, the occupant safety cell, multilink independent suspension, the diesel engine, and the Electronic Stability Program (ESP®). Daimler's reputation for continuous innovation is reflected in the more than 80,000 patents that have been registered by the company.

A powerhouse of innovation

80,000

Since the invention of the automobile in 1886, the engineers at Daimler have registered more than 80,000 patents. Today most of the automobiles on the road bear witness to this innovative achievement. After all, many of these developments have long since become standard in vehicles worldwide. They include airbags, anti-lock braking systems, the Electronic Stability Program (ESP®), diesel engines for cars, multilink independent suspension, and occupant safety cells.

Innovations don't happen by chance

Dialog: Professor Hans-Jörg Bullinger and Professor Thomas Weber

The participants

Professor Hans-Jörg Bullinger

- Ph.D. in engineering
- Leadership positions and professorships at universities and research institutes, including: Fernuniversität Hagen, Fraunhofer IAO, University of Stuttgart. President of the Fraunhofer-Gesellschaft until September 30, 2012. Since then, member of the Senate of the Fraunhofer-Gesellschaft.

Professor Thomas Weber

- Ph.D. in engineering
- Member of the Board of Management of Daimler AG responsible for Group Research & Mercedes-Benz Cars Development. At Daimler since 1987. Has held a variety of leadership positions in production and development. Honorary Professor at the University of Stuttgart. Member of the National Platform for Electric Mobility.

Innovation and technological progress are inseparably connected – forward-looking products are simply not possible without continuous development. At successful companies, such products are the result of a structured process of research and development. This leads us to the topic of "innovation management." What exactly does the term mean?

Professor Thomas Weber: The innovative capacity of Daimler is no accident. It is the result of an efficient innovation process that is systematically developed and improved. It relies on appropriate tools for innovation, the right locations, creative employees and partners and, of course, on a corresponding corporate culture. Without these ingredients, it is not possible to bring new, technologically innovative products to market year after year. We can't afford to rest on our laurels. We must keep going – because of our history and in no small part because of our customers, who judge us by our technologically leading-edge products, as they have done for over 125 years.

Professor Hans-Jörg Bullinger: You're right; the Fraunhofer-Gesellschaft also depends on continuous innovation. It is the largest organization for application-oriented research in Europe. Our fields of research are based on people's needs: health, safety, communication, mobility, energy, and the environment. In short, we invent the future, just as Daimler does.

Weber: To make sure that our stream of innovations never runs dry, we have established a very systematic process at Daimler: a three-step model. The first step comprises trend, market, and customer research. A variety of internal and external sources of information are used to develop an internationally oriented and highly detailed vision of the future. Of course this vision is constantly updated. In the second step, it's mostly the company's own research facilities that come into play. These are resources we have established at hotspots around the world, primarily in urban centers. The facilities develop the first concrete proposals for future products. These ideas for new products and innovations are projected onto a predefined vehicle profile that very precisely describes the intended attributes at the time of the market launch. Based on this process of adjustment and alignment, specific innovation projects are launched. Here, along with the need for precision and top quality, it is becoming increasingly important to be ahead of our competitors. In other words, you'll only be successful if you reach the market fast enough.

Bullinger: It's essential to have a process of this kind and achieve the rapid pace of innovation that is required. It's not enough just to invent. In such an elaborate process, the concentrated know-how of a company is found at many points. After all, an idea passes through a variety of key stages on its way from invention to innovation. At each stage, criteria that are detailed and usually proprietary are used to decide whether an idea can be developed into a marketable product that fits in with the brand. Part of the innovation process should also involve the creation of the appropriate development and production technology. This is the only way to realize the full possibilities throughout the process chain.

Weber: That's a critical aspect. In our automotive development, for example, a great deal of work is now being done with the innovative development tool "Digital Prototype." The entire description of a vehicle with all of its specifications is digital. We continue to improve these tools from one product generation to the next. During the development process, we can therefore make very precise statements about new products on the basis of real-world conditions. Take our driving simulator in Sindelfingen, for example. It portrays reality so faithfully that you feel as though you're in a real car on a real road within seconds. Tools of this kind

A structured innovation process and the fast-paced innovation that such a process entails are essential for new products.

enable us to make precise statements during the development process. They speed up development work a great deal and also make it less expensive. After all, it's no longer necessary to build and test a separate vehicle for each stage of a prototype. We become more efficient, faster, and better.

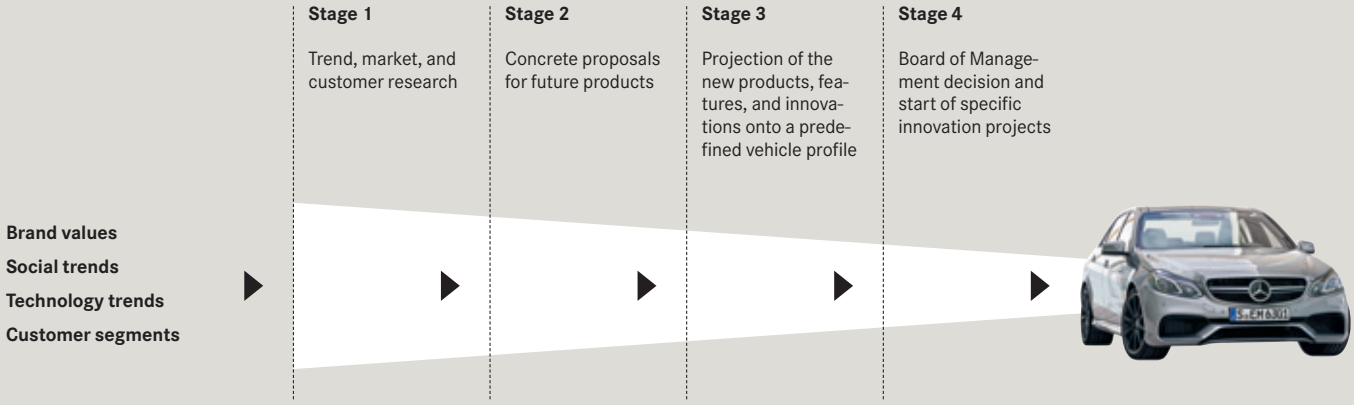
Bullinger: That is why developing new tools is an important field of work for the Fraunhofer-Gesellschaft – and that also applies to tool development in the context of a structured innovation process. Without the right tools, it's impossible to turn an idea into a product. Computer and software technology, in particular, harbor immense potential for the future. Take data transmission speeds, for instance, which are important for an extremely fast flow of information among individual technologies. At Fraunhofer, we have developed a method of transmitting the equivalent of 100 DVDs of data through a wireless connection in one second – that's a world record. At the same time, there's innovation potential here. After all, data transmission speeds won't turn out to be the limiting factor for new inventions. Particularly in automotive technology, a variety of developments simply won't work without adequate information and communication technology.

Weber: One interesting future technology, for example, goes by the name car-to-X – the communication of cars with one another. It uses wireless connections and will make traffic even safer. With this technology, a car can receive a message that there is another vehicle out of sight up ahead beyond a crest or curve. A warning could then be automatically transmitted to the driver who is approaching the hazard, or the car could even be braked automatically. Daimler is working in many other fields of innovation as well. These include materials technology. For example, in pursuit of even better fuel economy and the highest levels of driving safety and comfort, our experts are developing an intelligent material mix that describes how and where materials can best be used in a car.

"An edge in innovation that is based on new materials will last longer than any advantage based on a new function – no matter how innovative the function may be."

Professor Hans-Jörg Bullinger

The Daimler innovation process



"Along with the need for precision and top quality, it is becoming increasingly important to be ahead of our competitors. You'll only be successful if you reach the market fast enough."

Professor Thomas Weber

Standards for the automotive industry

Technology transfer.

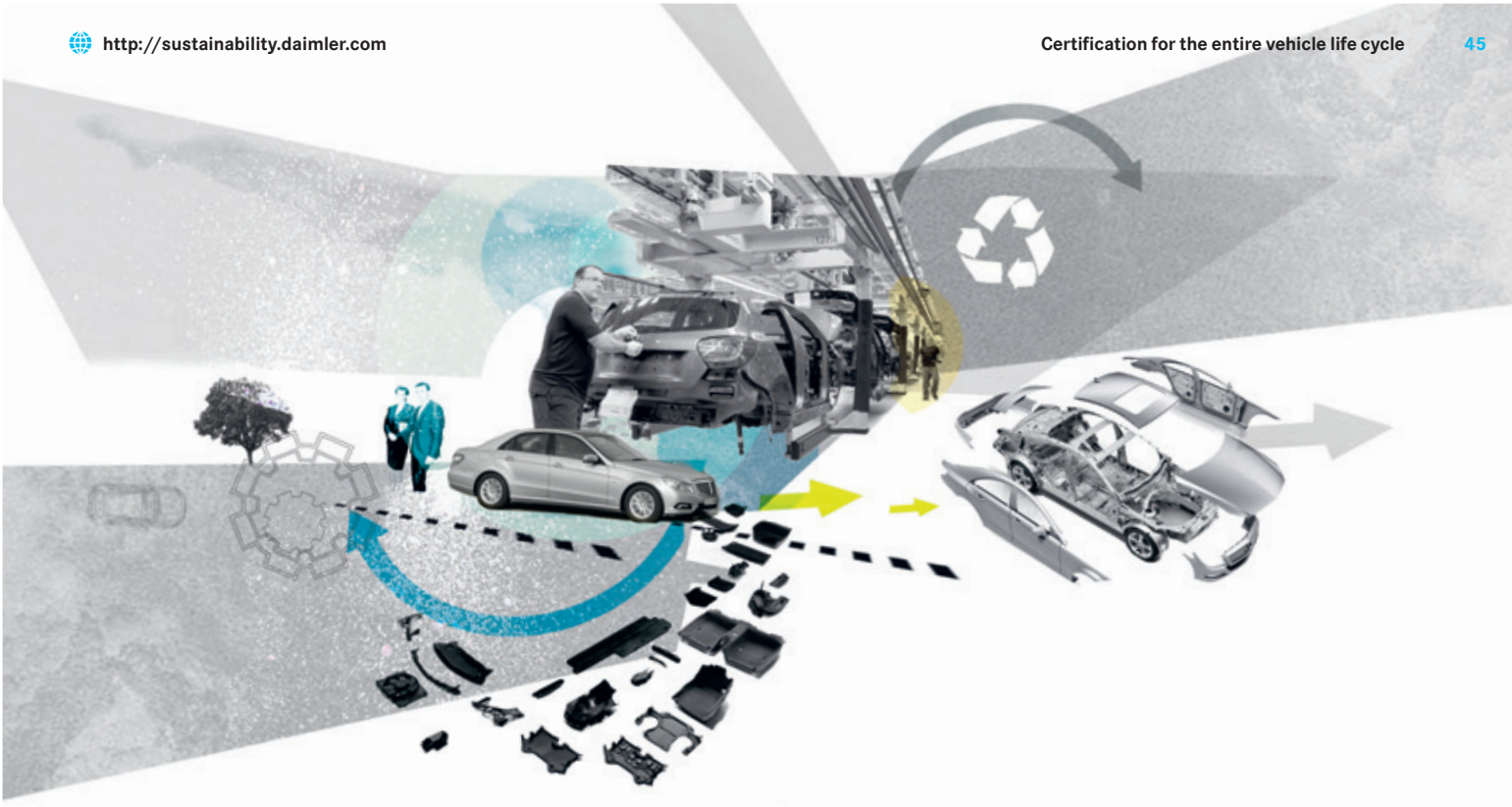
Airbag, anti-lock braking system, occupant safety cell, multi-link independent suspension, diesel engines, fuel cell drive, ESP®, and PRE-SAFE®: the list of innovations that Daimler has realized in its vehicles is long and varied. The company consistently sets standards for the entire industry. Many of the innovations it has developed are now standard equipment in modern vehicles.

Bullinger: That's an important approach. According to Fraunhofer studies, an edge in innovation that is based on new materials will last longer than an advantage based on a new function – no matter how innovative the function may be. That's because a new function is usually copied by competitors quickly, but the production of new materials and the techniques for handling them can't be adopted so easily. High-strength fibers are one recent example here. Such fibers are extremely light and have very high stability values – which makes them ideal for use in cars. However, working with them involves some challenges throughout the whole production chain – challenges that have to be mastered before it's possible to make full use of all the benefits of the materials.

Weber: Innovations and the associated production technology must also be affordable. Otherwise a product cannot succeed in the market. That's why at Daimler – and as far as I'm aware, the same applies at the Fraunhofer-Gesellschaft – we always keep an eye on the cost side. What's more, we do so from start to finish throughout the entire product life cycle, including, for example, recycling activities.

Bullinger: Interconnected thinking is becoming increasingly important in the effort to achieve the best possible result as quickly as possible. With regard to the activities and processes involved in innovation, you have to concentrate resources in order to operate successfully in the demanding and fast-paced global market. This applies to scientific disciplines and to commercial enterprises alike. Ideally, both sides work together and, by doing so, concentrate their resources at a higher level.

Weber: That is definitely one reason why we work with scientific institutes like Fraunhofer in many different areas. The fundamentals are worked out by science and research, and we develop successful products on that basis. If you can master an end-to-end system of innovation management of this kind, you'll be in good shape to compete in the marketplace.



Text: Rüdiger Abele

Certification for the entire vehicle life cycle

Every new vehicle built by Mercedes-Benz Cars receives an official Environmental Certificate that not only affirms its environmental compatibility but also offers proof of Daimler's responsible use of resources.

The Environmental Certificate is an important document. It is based on the results of a comprehensive life cycle analysis that examines and documents every environmentally relevant detail of a vehicle. More than 40,000 individual processes are examined during the certification process. The resulting analyses, calculations, and assessments are used to draw up a comprehensive environmental profile. However, the examination goes beyond the environmental impact of the vehicle during the time it's used. **It also closely analyzes all environmentally relevant processes** – from development and production to vehicle use, recycling, and disposal. The overall profile serves as the basis for environmental certification in accordance with the ISO 14062 standard. The certificate is issued by Germany's TÜV Süd technical inspection association, which specializes in technology and environmental protection.

In 2005 the S-Class became the first vehicle ever to receive TÜV Süd's Environmental Certificate. Certification was also issued to the GLK at the beginning of 2009, making it the first SUV to receive this seal of approval. The latest cars to receive the Environmental Certificate include the A-Class and the E 300 BlueTEC HYBRID – the first diesel hybrid from Mercedes-Benz to be certified in this way.

Information about the environmental certification of vehicles from Mercedes-Benz Cars has been presented in the "Life Cycle" publication series since 2009. "Life Cycle" is designed to provide the best possible service to various interest groups. It does this by presenting the extensive and complex topic of "automobiles and the environment" to the general public in a way that is easy to understand. In addition, "Life Cycle" also employs a variable concept to address the needs of specialists who are interested in obtaining more detailed information.

Readers who are looking for a quick and clear overview can find short summaries at the beginning of each chapter of the publication. These summaries present the most important facts, which are supplemented by standardized charts and graphs. Those who wish to examine Daimler's environmental commitment more closely **can study the clearly structured tables, charts, and informative texts**, all of which describe individual environmental protection measures down to the last detail.

The following is an example of a typical entry in "Life Cycle": The Mercedes-Benz E 300 BlueTEC HYBRID is the world's most economi-

Recycling in automobiles: Many components are made of recyclable raw materials, which makes them part of a comprehensive material cycle.

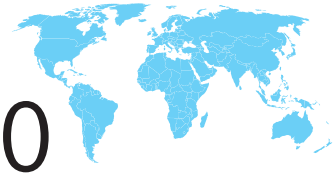
cal upper-range vehicle. It consumes only 4.2 liters of diesel per 100 kilometers, which corresponds to CO_2 emissions of just 109 grams per kilometer. Mercedes-Benz is continuing its hybrid offensive with this model, which combines the great fuel economy offered by a modern four-cylinder diesel engine over long distances with the benefits of an efficiently operating hybrid in stop-and-go city traffic. It **thus stands for impressive efficiency** without the need to make sacrifices. After all, its compact hybrid design places no restrictions on spaciousness, comfort, or safety.

The Environmental Certificate for the E 300 BlueTEC HYBRID reviews the model's technical concept and extensively addresses a broad range of environmental issues. Mercedes-Benz experts documented the vehicle's exact material composition, for example: "Slightly more than half the weight of the E 300 BlueTEC HYBRID (58.1 percent) is accounted for by steel/ferrous materials. These are followed by polymers (approximately 18.5 percent) and lightweight metals (12.2 percent). Operating fluids account for 4.2 percent of the total weight, with the percentage of non-ferrous metals and other materials (mainly glass) slightly lower at around three percent. The remaining materials (i.e. process polymers, electronics parts, and special metals) contribute about 1.5 percent to the weight of the vehicle. In this study, the process polymers mainly consist of materials for the paint finish." This degree of detail is necessary if the Environmental Certificate is to be meaningful.

The significance of all this information is underscored by **the life cycle analysis**. For example, the E 300 BlueTEC HYBRID achieves the following savings throughout its total life cycle compared to the E 300 CDI:

- CO_2 emission reduction of 23 percent (12 tons)
- Primary energy consumption reduction of 22 percent (corresponds to the energy content of around 4,800 liters of diesel)
- CO and organic compound emission reduction of more than 20 percent

Vehicle life cycle analysis



250,000

kilometers is assumed to be the distance an E 300 BlueTEC HYBRID will cover during the utilization phase of its total life cycle, which consists of every stage from production to disposal.

In addition to the analysis of overall results, the distribution of single environmental impacts among the different phases of the life cycle is investigated, explained, and depicted in graphic form. This makes the Environmental Certificate a very interesting document to read, as it lists all the environmentally relevant details of a given vehicle. Additional certification criteria include material recyclability and the amount of recycled materials and renewable raw materials used.

"We develop products that are exceptionally ecologically sound in their respective market segments" – this is Daimler's second **Environmental Guideline**. In order to ensure compliance with this guideline, the company must build environmental protection into its products from the very start. The Environmental Certificate documents the associated processes for every new vehicle. The company is thus once again underscoring its pioneering role in the important area of environmental protection.

Green electricity leads the way: Wind energy for the smart fortwo electric drive

Daimler is a pioneer of electromobility. The company's work in this field goes well beyond the development of electric cars and extends to infrastructure as well. For example, a powerful wind turbine generator system located near the A9 German federal highway is supplying enough electricity for every new smart fortwo electric drive registered in Germany.

Text: Ernesto Singer

Locally emission-free driving

smart fortwo electric drive

- Electric drive: permanent magnet synchronous motor
- Continuous output: 35 kW
- Maximum output: 55 kW
- Acceleration: 0 to 60 km/h in 4.8 s
- Top speed: 125 km/h
- Range: 145 km
- Charging time (230 volts): 6 hours (without wall box: 7 hours)

www.smart-electric-drive.com

First-rate utilization: The three-blade propeller of the new wind power plant rotates at a height of 138 meters. The nominal output of the plant is 2.3 megawatts.

> "The investment in wind energy demonstrates the extent to which the company's activities go beyond pure automotive development."
>
> **Professor Herbert Kohler**
> Chief Environmental Officer of Daimler AG

Ambitious climate protection goals, environmental awareness, and limited resources – as an innovative automaker, Daimler is constantly dealing with the question of which technologies are most suitable for addressing these challenges over the long term. One answer involves the continuous improvement of the combustion engine and the gradual hybridization of the powertrain. As a future possibility, the battery-powered electric car is another alternative for urban mobility – along with the wider applications of the fuel cell-powered car. This nearly silent drive system offers major benefits, especially in cities with high volumes of traffic – in other words, places where there is a strong focus on minimizing exhaust emissions and traffic noise. The potential of electric drive systems is huge, because locally emission-free mobility can noticeably improve air quality and the quality of life in urban centers, as well as significantly reducing the CO_2 emissions of road traffic.

In order to make a consistently positive contribution to the environment, electric cars must be powered with electricity from renewable energy sources. However, this goal, which is generally accepted at the political level, has so far been put into practice only in several test fleets. Daimler is therefore pursuing new approaches that no automaker has tried before. In the context of the "networked thinking" that is now being applied to the **mobility of the future**, Daimler financed a powerful wind turbine generator system along the A9 German federal highway to coincide with the market launch of the new smart fortwo electric drive in early 2012. The wind turbine supplies enough green electricity for all of the new electric smarts registered in Germany. "The investment in wind energy clearly demonstrates the extent to which the company's activities go beyond pure automobile development," says Professor Herbert Kohler, the Chief Environmental Officer of Daimler, concerning the automaker's pioneering role in the field of electromobility. Kohler adds that the company deliberately opted to forgo government subsidies that would have been available in line with the Renewable Energies Law (EEG). With this unique pilot project, Daimler is consciously setting the pace and placing electromobility, as a CO_2-neutral form of mobility, in a holistic context that also includes the upstream chain of electrical traction current (well-to-wheel balance). However, environmentally friendly policies require that the additional electricity for the electric vehicles of all automakers come from renewable energy sources. In the future, creating an appropriate framework for this supply infrastructure will be crucial.

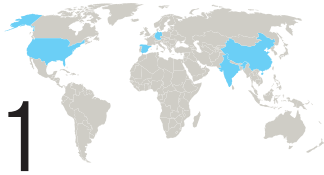
Daimler engaged in dialog with the public

Germany plans to increase the share of renewable energies in its total gross power consumption to at least 35 percent by the year 2020 and to raise it steadily thereafter. Meanwhile, environmental groups are calling for a power distribution system that will eventually meet the total demand for power with electricity from the sun, water, and wind. By opting for the wind turbine, Daimler is putting into practice in exemplary fashion the recommendations that were worked out together with environmental protection associations in the framework of the "Sustainability Dialogue".

The costs of generating electricity from wind power are low compared to other renewable energy sources. Other good arguments for

Positively charged: The electricity generated along the A9 highway is sufficient to operate approximately 2,500 smart fortwo electric drives.

Wind energy worldwide



238,351

On January 1, 2012, the total installed wind power generation capacity was 238,351 megawatts (MW) worldwide. The countries with the most installed capacity were China (62,733 MW) and the U.S. (46,919 MW), followed by Germany (29,060 MW), Spain (21,674 MW), and India (16,084 MW).

wind energy are the relatively small amount of land required (or, depending on the point of view, the large amount of power generated per unit of area), and the very brief payback period for these systems. A modern plant generates more than 50 times the amount of energy that is required to build, operate, and decommission it. Studies have confirmed that in the case of a land-based wind turbine, the latter amount of energy is generated after only three to 12 months. In the case of an average operating life of 20 years, this results in an extremely positive environmental impact. Wind energy turbines produce no CO_2 emissions or other waste products; it is also relatively easy to dismantle old turbines. Based on these facts, Daimler will satisfy all the requirements of **sustainable, zero-emission mobility** with the new wind turbine.

Wind energy, the power of the air, has long fascinated humanity. The ancient Persians are believed to have used windmills with horizontal rotors to grind grain as early as the 9th century. Approximately 300 years later, the blades were moved into the vertical position. Over time, this technology was gradually refined. Our ability to obtain electricity from wind energy is due to an idea conceived by Michael Faraday, the British physicist who in 1831 produced an electrical potential difference by moving a magnet through a wire coil. Mechanical energy thus gives rise to electrical energy. This is still the basic principle of every electrical generator to this day.

The electricity for the new smart fortwo electric drive originates 138 meters above the ground. The turbine is located at the new Hof wind farm (near the town of Helmbrechts), about 150 meters from the A9 federal highway, which is the main artery between Munich and Berlin. The three-blade propeller, which turns clockwise at a speed of between six and 18 times per minute depending on wind strength, has a rotor diameter of 82 meters. The nominal output of 2.3 megawatts represents enough green electricity to operate about 2,500 of the smart fortwo electric drives sold in Germany.

Report profile

This Sustainability Report assesses the economic, environmental, and social impact of our business operations in 2012 and showcases our current sustainability program. Our interactive online Sustainability Report supplements this printed report with more in-depth, extensive information and can be used in additional ways. The website features a search function and an exhaustive and thematically linked GRI Index as well as a key figures tool which allows you to create tables and charts adapted to your information needs.

http://sustainability.daimler.com

The information in our sustainability report applies to the entire Daimler Group and its divisions.

The period under review corresponds to our financial year, which runs from January 1 to December 31.

GRI Level A+. In 2006 Daimler joined the Global Reporting Initiatives' (GRI) multi-stakeholder network as an organizational stakeholder. GRI provides internationally recognized guidelines on sustainability reporting. GRI G3.1 Guidelines have been used to prepare the report.

Statement of GRI Application Level Check: Page 101

Verification certificate ISAE 3000. Audit certification according to ISAE 3000. In accordance with the stipulations of the International Standard on Assurance Engagements (ISAE) 3000, the financial auditing and consulting firm PricewaterhouseCoopers has reviewed the accuracy, completeness, comparability, comprehensibility, and relevance of the following statements from our sustainability report: Production-related key figures for "CO_2 emissions, water consumption, and recycling rates"; "average CO_2 emissions of the Mercedes-Benz Cars fleet in Europe"; statements regarding employee commitment and integrity.

Audit certification: Page 99

Assurance: Online 003

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. Daimler was also one of the first participants of the UN Global Compact LEAD group, which was established in January 2011. In 2012 we continued and expanded our involvement in the thematic and regional working groups and initiatives. By publishing this Sustainability Report we are meeting our obligation to report regularly on our initiatives regarding human rights, labor standards, employee rights, environmental protection, and the fight against corruption.

UN Global Compact progress report: Online 004

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: Online 005

New features of this report. The Daimler Sustainability Report 2012 shows the conclusions we have reached as a result of our deliberations.

Using a materiality analysis, we have evaluated internal and external sustainability requirements and expectations concerning our company and have summarized the results in a materiality matrix. This is the first time the analysis was conducted with the help of an open international survey. In the future the survey will be conducted at two-year intervals.

Materiality analysis: Page 12 f.

This analysis forms the basis of our report's thematic structure. The report as a whole has been made more compact and even more clearly structured. We have also taken into account the wishes of important target groups, including rating agencies, which need to find key figures, data, and facts as quickly as possible, for whom brief summaries of essential issues are an important quality concern. We therefore concentrated on the key figures of the GRI Index. The comprehensive index is available on the Internet.

Our sustainability program for 2010–2020: Page 86 ff.

In the first part of the Daimler Sustainability Report 2012 we deal with Group-specific themes which demonstrate our commitment to act responsibly in the context of our international business operations. Discussions between external experts and their counterparts at Daimler AG deepen and complement these chapters.

We have combined the previously separate sections on sustainable management, strategy, and integrity into a single chapter in order to emphasize the importance of the integrity mindset in all of the key strategic and specialist areas related to sustainability.
Sustainability management and integrity: Page 52 ff.

The reporting process and quality assurance. In addition to having PricewaterhouseCoopers carry out quality reviews of systems and data, we perform our own in-depth benchmark analyses. In parallel, we also examine our targets, measures, and fields of action in-house.
Quality check of systems and data by PricewaterhouseCoopers: Page 97

Disclaimer. We have exercised extreme care in the compilation of the data 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 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 and released by the responsible professional staff. Parts of the report were examined and released by PricewaterhouseCoopers.

Daimler published its previous Sustainability Report in April 2012 under the title Sustainability Report 2011. The next report will be published in mid-April 2014.

Editorial deadline for this report: March 11, 2013

Facts and figures

Sustainability management and integrity

We have established sustainability as an integral part of our target-pyramid and a basic principle of our corporate strategy. We align our behavior with our corporate value of integrity. The ideas that are of fundamental importance to us include the ten principles of the UN Global Compact, to which we have a special commitment as one of the compact's founding members and a member of the LEAD group since 2011. Moreover, we also take other international principles into account (see box at right). Our internal standards and guidelines are based on these principles.

Focusing on opportunities and risks. As an automaker operating globally and a major employer creates specific sustainability-related challenges for us. Since these challenges are associated with certain opportunities and risks, they are of crucial importance to our business success.

- We are committed to upholding legal and ethical standards and have to ensure that these standards are met at all of our locations worldwide as well as by our business partners and suppliers.
- On the road to achieving sustainable mobility, we have to demonstrate our innovative process in the areas of safety and environmental protection.
- Our operations impact the environment, and this is especially the case in vehicle production. To keep the impact as low as possible, we therefore use a consistent system of environmental management.
- As an employer, we bear responsibility for more than 270,000 employees worldwide. We have to ensure that working conditions are fair and attractive at all of our company locations, as this is the only way we can recruit and retain the best people.
- As a good corporate citizen and a shaper of society, we want to contribute to the common good in ways that go beyond our business operations. We have to ask ourselves what specific contributions we can make and ensure effective implementation.

We formerly defined our sustainability strategy according to five areas of activity ("dimensions of sustainability"). To underscore the importance of ensuring that actions at our company are sustainable and characterized by integrity, we added a sixth supporting column ("Ethical Responsibility") last year. Goals have been defined for each of these dimensions. All targets together constitute our medium and long-term Sustainability Program 2010-2020. This program provides the basis on which we and our external partners can measure our performance. As a result, one of the main tasks of the interdisciplinary management is to systematically control and verifiably implement the measures for achieving the strategic targets of our sustainability program. The ongoing dialog with our stakeholders is of great importance for the continuation and, if necessary, modification of our sustainability strategy.

Overview: "The dimensions of our sustainability strategy:" Page 53
In-depth Risk Report: AR 2012, page 125 ff.
Stakeholder dialog: Page 53 ff.

International and national principles of relevance to Daimler

UN Global Compact and UN Global Compact LEAD Group
Universal Declaration of Human Rights
Core Labor Standards of the International Labour Organization (ILO)
OECD Guidelines for Multinational Enterprises
Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
UN Guiding Principles on Business and Human Rights
German Corporate Governance Code
Code of Responsible Conduct for Business (Germany)

Group-wide sustainability management

We have further enhanced our sustainability strategy in recent months, focusing especially on combining the various topic-specific substrategies and initiatives into a Group-wide process in order to improve coordination, transparency, and verifiability.

The operating units' sustainability activities are incorporated into the Group-wide sustainability management system. These activities are tied to measurable target indicators. Since 2011, we have been using our Sustainability Scorecard as a tool for guiding our efforts to reach the key sustainability targets. The scorecard uses a color-coded performance system to display successes in terms of quantitative indicators and qualitative objectives, or to show where further action needs to be taken. This allows effective measures to be taken with the direct involvement of corporate management.

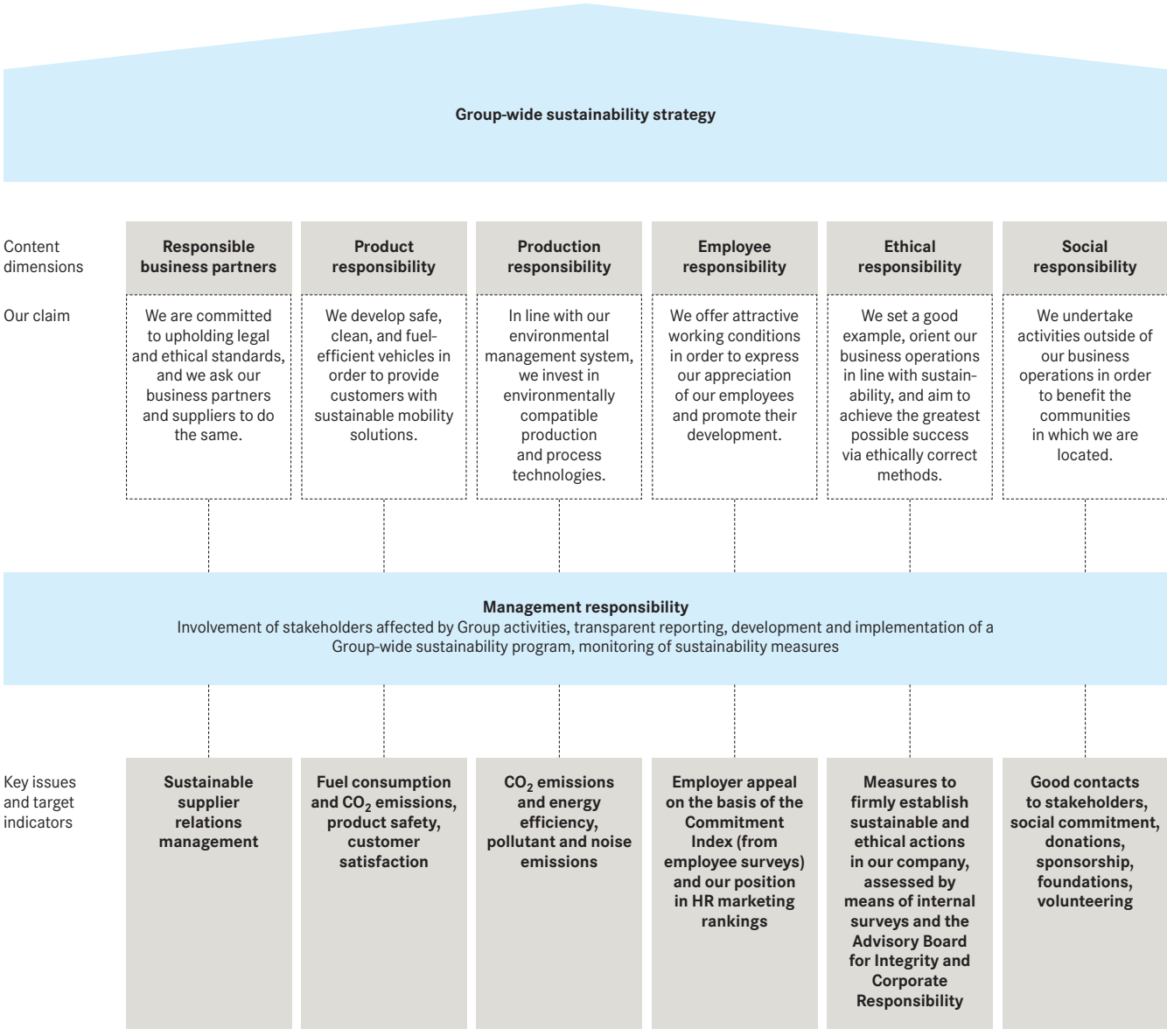
Governance structures. Good corporate governance is a key objective of sustainable management. As a joint stock company incorporated under German law, the Daimler Group has a split leadership structure consisting of the Board of Management and the Supervisory Board. As intended by the German Corporate Governance Code, the two bodies work together very closely to promote the welfare of the company. Our stockholders exercise their voting rights at the Annual Shareholders' Meeting.

Dr. Christine Hohmann-Dennhardt is the first woman on the eight-member Board of Management. Today, women make up 20 percent of the Supervisory Board members representing the shareholders. We plan to increase this share in the coming years, if possible.

We want to ensure the continued existence of our time-honored company through the ongoing creation of added value. As a result, non-financial indicators of integrity and the UN Global Compact were added to the target agreements of the individual Daimler Board of Management members in 2011.

Remuneration Report: AR 2012, page 119
Corporate Governance Report: AR 2012, page 182

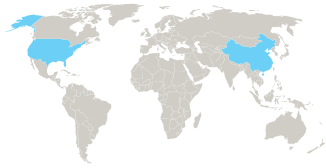
Dimensions of our sustainability strategy



Our corporate sustainability management body is the Sustainability Board (CSB), which reports directly to the Chairman of the Board of Management. The CSB combines at the highest level all management processes and areas of responsibility that are relevant to sustainability. The CSB is headed by Professor Thomas Weber (Board of Management member for Group Research & Mercedes Benz Cars Development) and Dr. Christine Hohmann-Dennhardt, Board of Management member for Integrity and Legal Affairs.

In 2012 we substantially enhanced the central operating unit for our Group-wide sustainability management activities. In a first step, the Chief Environmental Officer was commissioned to coordinate the sustainability topics at the top management level. He will support the Sustainability Board, which serves as the responsible decision-making body. The operational work will be conducted in an enhanced leadership structure by the Sustainability Office, together with representatives of the respective units.

“Daimler Sustainability Dialogue”



5 years

In the “Daimler Sustainability Dialogue”, which has been held annually in Stuttgart since 2008, representatives of our corporate management meet with representatives of various stakeholder groups to discuss sustainability issues at Daimler. In order to promote worldwide compliance with sustainability standards, this dialog event is now also being held in China and the USA.

Stakeholder dialog

Our business activities affect the interests of many people in various countries and regions. We can therefore only manage our company sustainably if we engage in a dialog with all of the stakeholders. This requires us to share experiences and also address controversial topics without preconditions in order to search for joint solutions. The stakeholder dialog is therefore a key element of the cross-unit management responsibilities in our sustainability strategy.

Organization and responsibility. In order to cultivate relations with our stakeholders we have defined clear areas of responsibility, institutionalized communication channels, and topic-specific or case-specific forms of dialog. In addition, our dialog management system includes criteria for selecting stakeholders and topics as well as evaluation and improvement processes. The primary contacts of the institutionalized dialog with our stakeholders are the Investor Relations unit, Corporate Environmental Protection, the Human Resources department, the Procurement organization, the External Affairs and Public Policy unit, and Corporate Communications. Our company’s Sustainability Board and Office coordinate the central events for topic-specific dialogs.

Selection of stakeholders. Our stakeholders are all the people and organizations toward whom our company has legal, financial, organizational, or ethical responsibilities. The criterion for identifying and evaluating our stakeholders is the extent to which a specific person or group is affected by our company’s decisions, or can influence such decisions. Our most important stakeholders are our employees, customers, shareholders, investors, and suppliers. Non-governmental organizations are also given careful consideration in the company’s sustainability management activities. However, analysts, associations, trade unions, media organizations, scientific institutes, government agencies, municipalities, and local residents and neighbors also have legitimate interests and demands, which we therefore systematically take into account as well.

Our stakeholder relations at a glance: Online 101

Forms of dialog. We use a number of different techniques to get our stakeholders involved in a dialog, including online and print media, surveys, talks with experts, workshops, local dialog sessions, and regional dialog events. Moreover, we participate in a variety of associations, organizations, and sustainability initiatives. Of particular importance for us is the “Daimler Sustainability Dialogue”, which has been held in Stuttgart every year since 2008. This event brings together the various stakeholders with representatives of our company’s management. We now also organize “Daimler Sustainability Dialogues” in China and the USA in line with our goal of promoting the establishment of, and compliance with, sustainability standards worldwide and setting our sights on regional issues.

An overview of our various forms of dialog: Online 102

More about the participants and topics of the “Daimler Sustainability Dialogues”: Online 103

Membership and participation in initiatives: Online 104

Our understanding of who is a stakeholder is flexible, and we use different dialog formats to reach as many stakeholder groups as possible. In 2012 we therefore conducted an open, international stakeholder survey for the first time. A total of about 700 people and organizations took part in the online survey. The results were used for our materiality analysis, the further development of our materiality matrix, and our sustainability management system.

The materiality matrix and additional information about the survey: Page 13

Effects on our sustainability program. At the “Daimler Sustainability Dialogues”, we focus on topics that are especially relevant to us and our stakeholders (see page 55). We strive to turn any agreements reached at our dialog events into specific targets and measures in the most effective way possible. That is why we document our stakeholders’ questions or problems and address them during the year. Sometimes this is also done in cooperation with the affected stakeholders. We notify the working group participants of the progress that is being made and involve them in our operational activities through discussions, workshops, conference calls, and webinars. Stakeholder feedback is another crucial basis of our materiality analysis and thus of the definition of focal topics within our sustainability management process and for our sustainability-related communications activities.

Materiality matrix: Page 13

Political dialog and lobbying. We are in favor of a regulatory framework that allows us to do business successfully and helps to resolve social issues and modernize industrial policy so that it takes environmental concerns into account. Our principles for political dialog and lobbying set standards for responsible and ethical lobbying. These principles include remaining neutral with regard to political parties and interest groups.

Sustainability-related 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

"Daimler Sustainability Dialogue", Stuttgart 2012: Topics and decisions made by the working groups

Environmental protection	**Energy from renewable sources for electric vehicles**	– Discussion of various models for ensuring the availability of electricity from renewable sources for electric vehicles; – **Definition and agreement on assessment criteria** that allow for prioritization of the models; – **Evaluation of the models** on this basis – the results will be incorporated into political discussions.
	Sustainability ratings and transparency	– The working group shared opinions about the existing ratings and discussed the degree of transparency of the assessment criteria they are based on. – The group concluded that the assessment criteria for ratings must be transparent. Ratings based on insufficiently transparent criteria are to be taken less seriously.
	Environmental program	– Discussion of Daimler AG's environmental goals; – The working group believes top priority should be given to **fuel consumption/CO_2 emissions, resource efficiency, exhaust gas emissions, CO_2 emissions from production,** and **mobility services** (car2go, moovel); – Identification of improvement potential; – Together with the working group members, activities are being planned for this year to help further improve the environmental program at Daimler AG.
Employee responsibility	**Generation management**	– Companies must address the expectations of all generations in order to promote **cross-generational teamwork** and create synergies that encourage innovation and knowledge sharing. Generation management, which can achieve these goals, is important not only for older employees but also for the entire workforce. – Negative attitudes toward older employees must change because they do not reflect reality. Effective generation management requires **preventive and sustainable measures** aligned with an employee's area of responsibility. Such measures should help maintain the expertise, capabilities, and health of the employee in question. – Pension and retirement models must be made more flexible to ensure that **the variety and diversity** of older employees are properly addressed.
Human rights	**Corporate responsibility in developing countries and emerging markets**	– In view of the increasing business activities in emerging and critical markets, efforts to ensure compliance with human rights principles should be further strengthened; – Greater emphasis should be placed on human rights in the context of **sensitization measures** (e.g. in procurement and sponsorships); – **Human Rights Compliance Assessments**: Acceleration of implementation in the 18 countries where Daimler production sites are located; – Using Daimler's influence to establish fair conditions worldwide; active participation in political discussions; – Incorporation of human rights aspects when evaluating sponsorship contracts.
Responsibility in the supplier chain	**Implementing sustainability standards**	– Working group discussions and innovative ideas for improving **training formats** will serve as the basis for expanding qualification measures and providing guidelines for suppliers and procurement employees. This includes the expansion of internal communication and the evaluation of web-based training methods for procurement employees. – An **across-the-board sustainability standard for the supply chain** could help suppliers and brand manufacturers with their implementation of monitoring tools.
Community relations	**Dialog with citizens about the planned testing and technology center in Immendingen**	The working group agreed on the following criteria for dialog and communication with residents: – For the process in general: **transparency and an open dialog** throughout the region; – Use of digital communication channels such as the Internet and social media; initiation of a documentation process. – **Systematic incorporation of stakeholder interests**, e.g.: – upholding promises made: creation of 300 new jobs; – a development center for the mobility of the future; – use of military barracks for future research and development activities; – ensuring a smooth transition from use by the German armed forces to use by Daimler; – use of energy from renewable sources (target: CO_2 neutrality); – consideration of environmental aspects (flora and fauna); – joint development of a sponsorship concept; – cooperation with schools and local universities.

secure and enable us to contribute our ideas to these change processes, we talk with political decision-makers about topics such as CO_2 regulations, vehicle safety, new mobility concepts, electromobility, and lightweight engineering. Other focal topics include location-specific issues and education policy.

The External Affairs department is the coordination center for the political dialog. The department has offices in Berlin, Brussels, Moscow, Beijing, Stuttgart, Tokyo, and Washington, and also coordinates the activities of more than 30 other corporate representation offices in key markets.

Donations to political parties: Page 84

Risk management

With regard to principles and initiatives such as the UN Global Compact, we take a precautionary approach to prevent risks. For us, active risk management means identifying risks at an early stage, assessing their significance, and addressing them consistently. To make this possible, we have set up steering and control systems that have been consolidated into a standardized Group-wide risk management system, which also helps us comply with legal stipulations. We consider the main risk categories to be economic risks, political risks, sector-specific risks (including environmental and social risks), financial market risks, compliance-related risks, and reputation-related risks.

Organization and responsibility. Our Group Risk Management Committee (GRMC) coordinates the various risk management initiatives, checks to see that the implemented processes are effective and work properly and makes any required adjustments. The GRMC has also established an information platform that provides our employees with information and promotes the sharing of ideas.

Certain officials in the relevant legal entities and corporate functions are tasked with developing and monitoring measures to prevent and reduce risks. Sample measures include our compliance risk assessment, the monitoring of our business partners' integrity, and the incorporation of consumer protection issues in our quality management system. The systematic integration of environmental protection aspects into the entire life cycle of our vehicles also helps us hedge against risks.

Detailed Risk Report: AR 2012, page 125 ff.

Global Integrity Dialog

> 85 percent

After one year, more than 85 percent of our workforce had taken part in our Integrity Dialog initiative. One result of this initiative was the Integrity Code.

Managing local impact. 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. Since 2011 we have also been working on a Group-wide risk management system for human rights.

Operations-related environmental protection: Page 74 ff.
Human rights: Page 58 f.

A culture of integrity

Only business integrity leads to long-term success. Acting in compliance with laws, regulations, and internal guidelines is the basis of this integrity. However, integrity as a mindset extends beyond such compliance. It aims to create a corporate culture that is based on shared values and meets high ethical standards. We want to anchor such a culture of integrity into our company so that it becomes a role model for the entire industry. That is why we have also created a separate Board of Management function for Integrity and Legal Affairs. This function encompasses the legal department, the compliance organization, and the corporate data protection unit. In addition, it is responsible for upholding human rights. We expect not only our managers and employees but also our business partners and suppliers to act in accordance with the principles of integrity. To ensure that this is the case, we engage in a continuous dialog with all of these groups.

Our suppliers: Page 79 f.

Our most important principles and guidelines

Integrity Code (replaces the previous Integrity Code)	The Integrity Code defines the basic principles for daily conduct at the company. The code addresses the following issues: – upholding human rights; – compliance with laws and internal regulations; – proper conduct at the Group and toward authorities, officials, business partners, and customers; – addressing conflicts of interest; – p reventing all forms of corruption; – protecting Group assets; – Principles of Social Responsibility.
Principles of Social Responsibility (part of the Integrity Code)	UN Global Compact-based commitment to human rights and employees' rights – e.g. the right to organize and the right to work under satisfactory conditions. Signed by the Board of Management and the World Employee Committee in 2002; updated in February 2012.
Environmental Guidelines	Through our Environmental Guidelines, we commit ourselves to an integrated program of environmental protection. This program identifies the causes of environmental pollution, estimates the environmental effects of production processes and products in advance, and takes these considerations into account when making corporate decisions. We have put in place environmental management systems in all of our areas of operation, ranging from development and production to sales and service. These systems ensure that the environmental policies that have been formulated in the environmental guidelines are implemented in practice.
Sustainability Guidelines for Suppliers	Expectations for suppliers in terms of social, environmental, and business ethics standards; these expectations are a binding element in supplier contracts.

The principles of our Integrity Code are implemented through Group guidelines, corporate (core) policy, and recommendations.
The House of Policies brings together all regulations and makes them accessible via a central intranet portal.

Documentation of all principles and guidelines: Online 105

Dialog and communication within the company. Since integrity cannot be imposed from above, we launched the Integrity Dialog initiative in November 2011. In this initiative, employees from across locations, functions, and levels of the corporate hierarchy discuss the significance of integrity for our daily work and develop a shared understanding of integrity based on the principles of the UN Global Compact. The results of these discussions were incorporated into our Integrity Code, which was revised in 2012 and approved in cooperation with the Works Council. In 2012 we also organized the Integrity Truck Tour, which continued the dialog at the production facilities in Germany. In the year under review, we also continued our global "fairplay" campaign, which is targeted at employees from all of our facilities and all levels of the company. Posters and flyers in 19 languages raise the employees' awareness of integrity and compliance-related issues. We have formulated our expectations concerning our external business partners in a brochure titled "Ethical Business – Our Shared Responsibility." In 2012 the brochure was distributed to more than 63,000 business partners.

Ethical Business brochure: Online 106
Table "Our most important principles and guidelines" on this page
Success through sustainable business operations: A dialog between Dr. Christine Hohmann-Dennhardt and Georg Kell: Page 34

Compliance

Our compliance management system is intended to ensure that Daimler and its employees always conduct themselves in conformance with rules. Complying with anti-corruption regulations as well as maintaining and promoting fair competition have the highest priority for our company and serve as a benchmark for our staff and management. To give further emphasis to this goal, compliance and integrity are taken into consideration in our executives' annual target agreements and assessments of target fulfillment. Particular attention is paid to individuals' correct conduct in conformity with rules and ethics.

Worldwide establishment of divisional compliance organization. In order to effectively counteract the risks within our divisions and markets, we have altered the structure of our compliance organization in line with our divisions. Each division is now supported by a compliance officer. In addition, a regional compliance office was established in China in 2012, reflecting the special importance of the Chinese market. Furthermore, local compliance managers are active worldwide, advising on matters of compliance and ensuring observance of our compliance standards. In order to guarantee their independence of the divisions, the compliance officers for the divisions and the compliance manager for the region of China and Northeast Asia report to the Group Chief Compliance Officer. He is responsible for the entire global organization and reports directly to the member of the Board of Management who is responsible for Integrity and Legal Affairs.

Analysis of compliance risks. Dealing with risks responsibly and assessing them effectively is a precondition for sustained business success. We therefore evaluate and classify compliance risks in a systematic risk analysis in all of our business units. We apply qualitative indicators such as an assessment of the business environment as well as quantitative indicators such as relevant shares of revenue and the number of contractual partners. In line with the risk assessment carried out in this way, measures are then defined jointly with the business units to minimize the recognized risks. Against this backdrop, for example, our sales activities in countries with an increased risk of curruption are subject to particularly intensive risk management. Responsibility for implementing and monitoring the individual measures lies with the management of each business unit. This is supported by the Group Compliance department.

Further development of the compliance processes. The focus of compliance activities in 2012 was on examining our business partners in the sales process (sales business partner due diligence). We apply high standards in the selection of our sales and business partners and expect them to act in accordance with our compliance rules and ethical principles. Based on a standardized risk assessment carried out in advance, the divisions decide, in addition to the specific risk factors, on the appropriate intensity for examining the respective business partner. The divisions carry out the examination in their own responsibility and with support from the Group Compliance department.

Stronger whistleblower system and Business Practices Office (BPO). A functioning whistleblower system is an important source for us to recognize risks and infringements of rules. Information on possible serious infringements by employees and external parties is passed on to the BPO. In 2012, the management and employee representatives reached a company agreement on the reorganization of the Daimler whistleblower system. This agreement sets out a fair, transparent process affording equal protection to whistleblowers and the other persons involved. Furthermore, in addition to the existing reporting channels, in Germany we have commissioned an independent lawyer as a neutral intermediary, who also accepts information on violations of rules. Due to his professional obligation to maintain confidentiality, it is assured that the whistleblowers remain anonymous vis-à-vis Daimler.

Compliance training and communication. The regular provision of information and targeted training courses supplement and support the effective and sustained anchoring of correct conduct at Daimler. We carry out face-to-face trainings for specific groups of employees as well as web-based training courses. We also offer these training courses to our business partners and sales partners, so that they can familiarize themselves with our ideas of integrity and compliance. In those courses, we train participants for example on the principles of corruption prevention and on competition law. Since 2010, we have trained more than 100,000 employees in business units and departments with a special risk situation using web-based courses and presence events. The focus was on employees in sales and sales-related functions.

Antitrust law

Antitrust law. In 2011 we introduced a Group-wide antitrust compliance program for which we developed a globally valid Daimler standard with binding rules on our internal assessment of issues related to competition law. Our rules are as strict as those laid out by the European antitrust authorities and courts. This standard ensures that the level of compliance and the quality of consulting will be the same in all countries. Our online antitrust training programs and more detailed onsite training sessions are designed for managers and selected sales personnel.

Antitrust legal proceedings in the year under review: AR 2012, page 240
Integrity code: AR 2012, pages 72, 179 ff.

Human rights

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 positioned our responsibility for human rights issues in the Integrity and Legal Affairs function in the Group's Board of Management. In our governance structure for sustainability, we also place a special emphasis on this issue.

Creation of a risk management structure for human rights. In June 2011 the UN Council on Human Rights passed the "Guiding Principles on Business and Human Rights," which are based on the final report of the UN Special Commissioner for Human Rights and Business, John Ruggie. We emphatically support these principles, and we are therefore creating our own risk evaluation system for a due diligence process concerning human rights. We are using a comprehensive human rights compliance assessment tool from the Danish Institute for Human Rights for this process. This assessment serves to identify possible country-specific risk factors regarding the observance of human rights. So far we have conducted this assessment in Germany, Mexico, and Egypt. Nonetheless, in order to prevent risks and achieve our goal of ensuring legitimacy along the entire value chain, we have closed information gaps and strengthened preventive measures.

We intend to carry out this assessment in all of the 18 countries in which we manufacture products, and to establish a worldwide system of human rights risk management at all of our production facilities. Because of this accurate and detailed process, as well as the cost of any necessary improvements, the timeline for all 18 country-specific analyses was extended to 2015 (from 2013). In 2013, Japan, France, Hungary, South Africa, Brazil, India, Spain and the United States will be analyzed. Companies in which we have minority shareholdings will also be included in this process. We will also encourage our business partners to conduct a similar analysis of human rights issues in their business operations.

Training programs. Human rights issues are part of the curriculum of the training programs for our employees. The ongoing continuing education courses for security personnel also deal with the safeguarding of human rights, in line with the standards of the human rights compliance assessment. The guidelines we have formulated for our security personnel also apply to our cooperative projects with external security services.

Investigating suspected violations. To deal with cases of suspected human rights violations, we have a system for investigating tips from internal and external whistleblowers, the Business Practices Office (BPO). For our suppliers, who are obligated by the Daimler procurement standards to respect human rights, there is also an established complaint management process that is handled by the Global Employee Council.

In the year under review, there were no suspected violations of the ban on child labor and forced labor, of the right to collective bargaining or of the right to free association at Daimler. No aborigines are affected by our corporate operations.

Observance of human rights in the supply chain: Page 79 f.
Representation of employee interests and codetermination: Page 60

Data protection

The processing of employee, customer, and business partner data at Daimler is subject to binding data protection guidelines that correspond to the regulations in the European Union's Data Protection Directive. These guidelines also ensure compliance with the respective national regulations in Europe and take into account the basic principles of various other national and international regulations. The guidelines are thus a globally valid minimum standard for handling personal data, whereby in some cases our standard goes beyond the requirements in various countries.

Organization and responsibility. The Group's Chief Officer for Corporate Data Protection monitors and ensures global compliance with the guidelines, and is supported in this task by the local data protection coordinators. Measures here also include audits and the implementation of an effective complaint management system. Managers are responsible for compliance with data protection guidelines within their areas of responsibility.

Training. In recent years we have considerably expanded measures for sensitizing employees and providing them with information. Web-based training and onsite training for employees and managers are supplemented by guidelines for various activities, including the handling of employee data. Our Group-wide "fairplay" campaign also addressed data protection.

Corporate Data Protection Policy: Online 107

Incidents. No serious data protection violations occurred in 2012, and no fines were imposed. The number of complaints filed with our Corporate Data Protection department in 2012 was slightly lower than in the prior year. No incidents of theft or loss of customer data were reported. There were three cases in which regulatory authorities conducted investigations after receiving complaints.

Further development. In response to the rapid advances in data processing and the development of new communication channels such as social media, we are now working on new regulations to govern the use of social networks at the Group. A further challenge is posed by the deletion of no longer needed electronic data on hard drives and in e-mails. We are currently carrying out such deletions in a multi-stage process.

Consumer protection

Daimler AG's Product Safety Directive and numerous internal regulations describe the goals, tasks, and areas of responsibility for the prevention of product defects, and thus preventive measures to protect consumers. Our quality management system (in accordance with the ISO TS 16949 international standard) also makes an important contribution here. Defined procedures ensure that consumer/customer complaints are carefully examined by specialists and responded to and, if necessary, that appropriate consumer protection measures are taken.

Organization and training. The managers of product-related organizational units ensure that all the stipulations of the guidelines are adhered to. They appoint coordinators who assign tasks and evaluate the effectiveness of preventive measures. Customer complaints are handled by our field organization. Product safety training courses are regularly held at the relevant units.

Descriptions and information. We are obligated to provide the users of our products with appropriate information regarding their proper use and possible risks. We must also label products appropriately and warn users of any potential dangers associated with them, particularly in relation to use. These stipulations are laid out in our Product Safety Directive and other internal standards. Operator's manuals, information about how equipment such as restraint- and driver assistance systems functions, and technical background information on the Internet enable customers to handle our vehicles responsibly and safely.

Incidents. During the reporting year no violations against voluntary or legal obligations regarding product information, no violations of legal regulations concerning the provision and use of our products were discovered.

Our customers: Page 81 f.
Product responsibility: Page 66 ff.

Employees

Our in-house policies and guidelines, for example the Principles of Social Responsibility, are based on international principles such as those in the UN Global Compact. As a result, we are committed to strictly upholding employee rights, and we also demand this commitment from our suppliers and other business partners. Together with the employee representatives, we have set up a complaints process for handling serious violations of our principles. Our Business Practices Office (BPO) is the point of contact for this purpose. We will take legal action if offenses are of a criminal nature or violate labor law.

Employee representation and co-determination. Daimler recognizes the right of workers to organize themselves in trade unions in accordance with the labor laws of each country. We safeguard this right at our facilities, even in countries that do not explicitly grant the freedom of association. More than 95 percent of the non-management employees in Germany and more than 80 percent of those worldwide are covered by collective bargaining agreements.

We cooperate closely with the employee representatives. The World Employee Committee (WEC) and the European Works Council are important dialog partners concerning employee issues at the international level. At the company level, employee interests are represented by ten Supervisory Board members. In Germany, the Works Council Constitution Act provides the employees with extensive co-determination rights.

Employee rights and employee representatives: Online 201
Commitment to international principles and initiatives: Page 52
Our main principles and guidelines: Page 57
The BPO as a point of contact for employees: Page 58
Human and employee rights: Page 58 f.
Employee rights in supplier management: Page 79 f.

Human resources strategy and objectives. The Board of Management member responsible for Human Resources is also the Labor Director of Daimler AG in Germany. He manages personnel-related matters through the Human Resources department. Our human resources strategy is firmly embedded in our Group-wide sustainability strategy and based on five pillars: profitability, a competitive workforce, future-oriented leadership, great attractiveness as an employer, and professional organization. We have derived 14 key areas of action from these target dimensions. The areas include diversity, equal opportunity, generation management, reconciling the demands of work and family, increasing productivity by means of a highly qualified workforce, and managing flexibility in order to orient production to changing market conditions. These areas of action are associated with concrete targets that are also included in the managers' goal agreements.

HR target system: Online 202
HR organizational structure: Online 203
ELAB study: Online 204

One of the ways in which we manage performance is by means of the Global Human Resources Scorecard, which is linked to 21 key performance indicators (KPIs). As a result, we can also measure human resources activities with regard to their sustainability performance.

HR Scorecard: Online 205

To address sustainability-related issues, the HR department also has a cross-unit Human Resources CSR Committee, one of whose members is an employee representative.

Workforce and job development

On December 31, 2012, the Daimler Group employed 275,087 men and women worldwide. Because of the considerably higher volume of business, the number of employees increased by 3,717. In Germany, the number of employees decreased slightly to 166,363 (2011: 167,684). In the U.S., the number of employees increased to 21,720 (2011: 20,702). At the end of 2012 Daimler had 14,610 employees in Brazil (2011: 14,533) and 11,286 in Japan (2011: 11,479). The workforce of our consolidated subsidiaries in China increased to 2,730 (2011: 2,121).

Fluctuation. At 4.9 percent, the worldwide employee fluctuation rate in our company rose slightly in 2012 compared to the previous year (4.2 percent). This overall increase amounted to 3.4 percent in Germany (2011: 2.7 percent), 7.2 percent in the U.S. (2011: 6.8 percent), and 7.3 percent in the rest of the world (2011: 6.6 percent). The fluctuation rate also takes into account early retirements, voluntary severance agreements, part-time phased early retirement contracts (particularly in Germany), and layoffs (U.S.).

Flexible staff assignments. Due to the continued volatility of the markets, flexible staff assignments are becoming increasingly important. Tools such as working-time accounts and temporary work allow us to exploit market opportunities and offset risks more effectively. When employing temporary workers in Daimler's production operations, we adhere to the percentages (generally 8 percent) agreed on with the employee representatives.

Job security through more flexible working time regulations: Online 206
Flexible working time regulations: Page 62
Remuneration of temporary personnel: Page 61

Local managers. Most of the managers at our locations outside Germany are citizens of the countries in question. Recruiting local managers is also part of our human resources strategy. We have therefore launched the Leadership for Global Growth strategic initiative in selected countries in order to improve the leadership skills of the local managers.

Performance and remuneration

Our remuneration concept focuses on profitability and attractiveness; it is based on the same principles at all of the Group companies worldwide. Our global remuneration guideline stipulates the

Employee fluctuation rate (in percent)

	2012	2011	2010
Group (worldwide)	**4.9**	4.2	4.9
Germany	**3.4**	2.7	2.8
U.S.	**7.2**	6.8	14.1
Rest of world	**7.3**	6.6	7.2
Women (worldwide)	**5.3**	4.8	5.4

Total workforce by region and division

Year-end status	2012	2011	2010
Africa	**6,482**	6,312	6,060
Asia	**19,743**	18,153	18,123
Australia	**1,128**	1,172	1,240
Europe	**201,119**	201,354	194,790
of which in Germany	**166,363**	167,684	164,026
North America with Mexico	**29,606**	27,689	24,661
South and Central America	**17,009**	16,690	15,226
Mercedes-Benz Cars	**98,020**	99,091	96,281
Daimler Trucks	**80,519**	77,295	71,706
Daimler Financial Services	**7,779**	7,065	6,742
Mercedes-Benz Vans	**14,916**	14,889	14,557
Daimler Buses	**16,901**	17,495	17,134
Sales & Marketing	**50,683**	49,699	48,299
Other	**6,269**	5,836	5,381
Total workforce	**275,087**	**271,370**	**260,100**

Expenditure on pension provisions at the Daimler Group

in billions of €	2012	2011	2010
Cash values of pension liabilities on Dec. 31[1]	**23.9**	19.1	17.7
Payments to retirees	**0.8**	0.8	0.8
Expenditure on state and third-party pension plans	**1.4**	1.3	1.2

You can find the figures and more detailed information on pages 232–236 of the 2012 Annual Report.
[1] This cash value is heavily dependent on the balance sheet assessment parameters defined each year, in particular the discount rate.

More HR key figures in our key figure tool: Online 200

associated conditions and minimum requirements that must be met. The guideline takes into account local legal regulations as well as the stipulations of any existing collective bargaining agreements. Our local remuneration systems are regularly audited on a random basis.

Salary amounts and the minimum wage. An employee's salary is based on his or her tasks and performance as well as on other factors such as qualifications and experience. The Group companies pay sector-specific salaries at the usual market rates. These salaries are significantly higher than the respective minimum wage, if any. The salary level is defined by collective bargaining agreements at locations where there is no statutory minimum wage. Our Group companies generally offer voluntary benefits that go beyond any that are required by collective bargaining agreements. In 2011, for example, Daimler provided its employees in Germany with voluntary benefits averaging about 20 percent of the cash remuneration specified by the collective bargaining agreement.

The global remuneration guidelines: Online 207

Definition of remuneration according to collective bargaining agreements: Online 208

Remuneration criteria for managers. The greater a manager's level of responsibility, the higher the share of variable components in his or her remuneration. The basis for determining variable remuneration is a goal agreement process that we formulate in a uniform manner for management Levels 1 to 5 and for senior clerical employees worldwide. Sustainability-related matters also play a role here. For example, we also reach agreements concerning diversity and compliance objectives with our managers, depending on their positions and management levels.

Performance assessment and target-oriented leadership: Online 209

Remuneration of the Board of Management: Page 53

Preventing 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.

Coverage of the organization's defined benefit plan obligations. Retirement plans are based either on contributions or performance, depending on the country and the company in question. Depending on the retirement model, our pension obligations are largely covered by suitable pension assets and protected against bankruptcy. We have formulated the general requirements in our General Pension Policy, which is in effect throughout the Group. This policy specifies that the promised benefits should contribute to a sufficiently secure income after retirement or in the case of disability or death. In addition, the benefits should be predictable and feasible for the company, and ensure low risk. In 2012, the Group paid €1.3 billion into statutory pension insurance systems.

Retirement plans at Daimler: Online 210

Fair remuneration for temporary personnel. In production-related areas, Daimler AG pays temporary workers the same wage as its own newly hired employees. In our framework agreements with temporary work agencies, we supplement the gross wages the employees receive as a result of the agencies' collective bargaining agreements so that the temporary workers are given the same wages that collective bargaining agreements stipulate for entry-level positions at Daimler. If the number of temporary workers employed by a location exceeds the equivalent of eight percent of the permanent production workforce all temporary workers also receive the shift differential wage established by collective bargaining with the metalworkers' union, provided this is agreed upon with the works council.

Employer attractiveness and employee orientation

Attractive working conditions boost employee satisfaction and thus help the company retain personnel. A job's attractiveness is affected not only by its remuneration but also by factors such as the employees' ability to reconcile their private lives, families, and health situation with the demands of their careers.

Employee surveys are an important instrument of organizational and management development at Daimler. As a result, we conduct a global survey every two years in order to find out more about our employees' commitment and identification with the company and about their satisfaction with their working conditions and their supervisors. The results of these surveys are incorporated into the Employee Commitment Index (ECI). The ECI for 2012 increased clearly by three index points compared to the previous year, to 66. In a benchmark comparison, this puts Daimler in the top 33 percent of employers in the industrial sector in terms of the level of employee commitment. The next worldwide employee survey will be conducted in 2014.

Flexible working arrangements. We offer our employees many individualized models for making their working times and locations more flexible. We have included such regulations in the company agreements for the U.S., Japan, Vietnam, Europe, and other regions. Our flexible working-time models include the traditional part-time work periods in the mornings, as well as work weeks of two to four days, blocks of part-time work, and job-sharing concepts for managers. At 60 percent, the share of women who work part-time is the highest in Germany. About 32,000 employees worldwide work independently of their workplace – from home, for example. The length of our employees' work week (35 hours in Germany) is generally regulated by the company or by a collective bargaining agreement. These working times are only deviated from within the limits set by prior agreements. Overtime is only assigned within the framework of anticipatory requirement plans involving an approval process. Overtime is remunerated according to the locally applicable regulations at all of our locations. Thanks to working-time accounts, we can arrange working times in such a way that employees' salaries remain stable even if the workload fluctuates temporarily.

Work-life balance and flexible work times: Online 211

Employee commitment

ECI 66

The clear increase of the ECI by three index points has put Daimler in the top 33 percent of industrial sector employers in terms of employees' work satisfaction and motivation.

Special leave. In Europe in particular, we have company agreements that allow our employees to interrupt their careers for up to five years with the guarantee that they can subsequently return to their old jobs. They can have time off to continue their education or take a sabbatical, for example, or to care for children or family members in need of nursing. Parental leave is becoming increasingly popular at Daimler in Germany, where around 40 percent of new fathers took at least two months off work in 2012. One year later, 98 percent of the people who had gone on parental leave had returned to their jobs and were continuing to work for Daimler.

Daycare centers near our company locations and the organization of childcare services. There will be daycare center places for 570 children under three near all Group locations in Germany by 2013. The centers have long opening hours to enable employees who have taken parental leave to return to their jobs. The centers provide a wide range of childcare and educational services in line with international standards. We also work together with a childcare agency that organizes customized childcare services, including child minders and nannies, through its quality-certified online platform. The employer and the employee share the cost of obtaining a one-year license.

berufundfamilie audit. In 2002 the Mercedes-Benz plant in Wörth became one of the first facilities of a DAX-listed company to be certified as a family-friendly business by berufundfamilie GmbH. Since then we have become one of Germany's leading companies in terms of reconciling our employees' responsibilities regarding work and family. To make sure that this remains a permanent feature of our corporate culture, we have also launched a research project and an HR initiative for promoting a good life balance. In addition, the subsidiary EvoBus GmbH has twice won awards for its family-friendly human resources policies.

Diversity

Our globally operating company is committed to diversity, which is an aspect of daily life for our employees from more than 140 nations. As a result, we began to make professional, long-term diversity management an integral part of our human resources policy early on. We consider diversity management to be very important for our company's competitiveness.

A culture of diversity requires specific conditions, including the rejection of any form of discrimination and the creation of a work environment that is free of prejudice. Also important are diversity training programs and measures for increasing employees' awareness of the issue. For example, we offer our managers practical workshops on topics such as how to lead heterogeneous teams. In our divisions, we have set up think tanks where current diversity-related challenges and new ideas are discussed across all levels of the company hierarchy.

Our diversity strategy focuses on three areas:

Promoting women in management positions. In 2012 women occupied 11.8 percent of the management positions at Daimler AG. As a result, we achieved our annual target on the path to our goal of increasing the share of women in executive positions to 20 percent (2020). We have defined target corridors for increasing the share of women in all non-exempt positions (see table) and have added team management to our reporting activities. In this field as well, we surpassed our voluntary commitment targets at the individual divisions in 2012. We are thus making good progress, as women now account for 13.8 percent of the employees at Daimler AG.

Percentage of women: Online 213
Diversity in the Supervisory Board: Online 214

Mentoring programs and various networking platforms such as the Frauennetzwerk (FNW) and the Women International Network (CARWIN CAReer) help to network women across units and are very popular with our female employees. Another program, FIT@Daimler, helps to prepare young women for careers in engineering and other technical professions.

In cooperation with the Fraunhofer Institute and eight other partners, we are trying to identify obstacles that prevent highly qualified women from climbing the last rungs of the career ladder. The results of this study will be used to develop supplemental company measures and change processes.

Generation management. Demographic change is causing the average age of our employees to rise and creating a multi-generational workforce. For us, this means that we have to not only create conditions that allow older employees to be more closely integrated in work processes, but also take a targeted approach to recruiting young people. That's why we have systematically continued the roll-out of the HR resource management projects. We have also processed and energetically implemented the suggestions regarding areas of action that were made at the joint workshops for managers and the General Works Council. What's more, we aim to intensify the constructive collaboration between people of different ages. In a preliminary study, we identified the challenges that we face as we pursue these goals. To address these challenges, we held several workshops with employees from all units and management levels to identify conflicts and opportunities and find out the different age cohorts' expectations with respect to this issue at the company.

Generation management activities: Online 215
Structuring the future of work: Page 60
Generation management at the „ Daimler Sustainability Dialogue": Page 55

Percentage of women employees at Daimler AG

in percent	Target corridors of the company agreement (2011–2015)	As of Dec. 31, 2012	As of Dec. 31, 2011	As of Dec. 31, 2010
Total workforce	12.5–15	**14.4**	13.9	13.5
Salaried employees	–	**25.6**	24.9	24.3
Training	22–26	**20.6**	20.4	20.6
Commercial-technical vocational training	13–16	**11.5**	11.3	11.3
Managerial function, Level 4	14–18	**13.8**	12.9	12.4
Managerial function, Level 5	4–6	**4.4**	4.0	3.5
Executive functions	–	**11.8**	10.6	8.9

Diversity key figures

in percent	As of Dec. 31, 2012	As of Dec. 31, 2011	As of Dec. 31, 2010
Percentage of foreign employees			
– Daimler in Germany	**11.1**	11.1	11.1
Percentage of part-time employees			
– Daimler AG (Germany)	**7.1**	6.9	6.4
– Share of women working part-time	**61.5**	61.4	64.8
– Share of men working part-time	**38.5**	38.6	35.2
Percentage of employees on parental leave			
– Daimler AG (Germany)	**1.5**	1.7	1.1
– of which women	**60.1**	63.4	62.4
– of which men	**39.9**	36.6	37.6

in years	As of Dec. 31, 2012	As of Dec. 31, 2011	As of Dec. 31, 2010
Average age			
– Workforce, Group (worldwide)	**41.9**	41.9	41.9
– Women, Group (worldwide)	**39.7**	39.8	39.7
– Workforce (Germany)	**43.1**	43.0	42.9
– Women (Germany)	**40.4**	40.4	40.3
Average length of service			
– Workforce, Group (worldwide)	**15.8**	15.9	16.0
– Women, Group (worldwide)	**12.6**	12.9	13.1
– Workforce (Germany)	**18.8**	18.8	18.7
– Women (Germany)	**15.8**	15.9	16.0

Percentage of severely disabled employees: Online 212

Intercultural skills. Our employees' diverse cultural backgrounds are a valuable asset that enables us to understand the wishes of customers in the various regions and to respond with demand-oriented products. We therefore promote the cultural diversity of our workforce through targeted recruiting measures and increase our employees' intercultural awareness through international assignments, training courses for boosting people's intercultural skills, and mentoring programs. During the year under review, we held three local diversity conferences (Portland, Oregon; Johannesburg, South Africa; and Singapore). This was the first time we held several local conferences instead of staging a single big event. This change enables us to incorporate and reflect local needs and differences more effectively.

Diversity in the Supervisory Board: AR 2012, page 184

Development and support

In the future, our success on international markets and our innovative power will increasingly depend on our company's ability to recruit and retain highly qualified employees. To do this, we implement custom-tailored programs and support measures for all of the key phases of an employee's training and career path. We have also set up a separate green HR strategy to enable us to adequately meet the recruiting and qualification requirements of green drive technologies.

Vocational training. To meet our needs, we are reorganizing the range of our training professions in line with our long-term requirements. These needs also determine the number of our trainees, which hardly changed in 2012 compared to the prior year. The Daimler Training System, which was introduced for technical professions in 2008, applies targeted methods and carefully designed curricula to ensure the continued high quality and efficiency of vocational training at our plants. We are currently expanding the system so that it also includes the training programs for commercial professions and encompasses the sales and financial services units. As part of our Training Abroad initiative, we are making our training activities more international so that we can also establish high training standards and recruit highly skilled employees in growth regions. We currently have 1,500 trainees and about 1,400 interns outside Germany. Most of the trainees are employed in production-related units. Within the Daimler Vocational Training System (DVTS), we are developing continuing education programs for instructors and providing advice on curriculum design and exam questions.

Vocational training at Daimler: Online 216

Recruiting and developing new talent. Our broad range of career-entry and qualification programs is targeted at talented young employees, to whom we offer outstanding development opportunities at our company. These programs include support measures for college students, work-study programs, the Group-wide trainee program CAReer, and the Daimler Academic Programs, which enable outstanding employees to earn bachelor's or master's degrees.

The FacTS support program: Online 217

The Daimler career portal: career.daimler.com

Advanced training and qualification. Throughout their careers, Daimler employees can take advantage of numerous opportunities for obtaining further qualifications and training for their professional and personal skills. This is done in line with the principle of lifelong learning, and increasingly involves the use of innovative e-learning tools and communications systems. Once a year, supervisors and employees discuss qualification issues and agree on qualification measures on the basis of strategic and operational training requirements.

At Daimler, advanced training is regulated by the General Works Council agreement on qualification. On the basis of this agreement, Daimler also guarantees that employees can leave the company for qualification purposes for three to five years and subsequently return to their old jobs. Around 500 employees take advantage of this opportunity every year. In addition, managers can help employees obtain additional qualifications by providing financial assistance and allowing them to use the accumulations in their working-time accounts.

Our qualification programs have training architectures that enable our employees to take part in courses of uniform high quality, irrespective of their location or training provider. The training offered by our in-house Technology Academy plays an important role in specialist technical fields, as does the systematic qualification of master craftsmen. Our in-house Global Training center is responsible for qualifying sales staff worldwide.

The Daimler Corporate Academy (DCA) draws up a comprehensive, integrated qualification program for the Group's managers and employees. As a result, managers and employees throughout the world can take part in training programs with identical content and quality irrespective of the participant's location. What's more, the programs are offered in local languages in many countries. Besides teaching specific leadership skills, the training program provides the participants with specialist knowledge concerning the corporate functions (HR, Finance, Procurement, IT). In addition, since 2011 the DCA has offered customized courses to support the Group's strategic cooperative activities.

Key points of emphasis in specialized and interdisciplinary qualification: Online 218

Manager development and the realization of potential. The performance assessment conducted as part of the LEAD management process serves as the basis for our manager development program and the realization of potential. The evaluation criteria are linked to our Leadership Behaviors, which also encompass social, environmental, and integrity-related aspects.

Each year, the LEAD process assesses the individual performance of all of our managers and specialists worldwide and provides them with a customized development plan. The NAVI process fulfills the same task for all of our non-exempt employees in technical and administrative positions in Germany. Similar performance assessment systems are in place for the employees at other locations worldwide.

Qualification of employees in Germany

	2012	2011	2010
Investments in employee qualification (€ millions)	**112**	101	73
Qualification days per employee (total)/year	**4.0**	3.8	2.3
Qualification days per woman employee/year (recorded beginning in 2011)	**4.3**	3.8	
Qualification hours per employee/year	**28.0**	26.6	16.1
Trainees worldwide	**8,267**	8,499	8,841

Key figures of occupational health and safety at Daimler

	2012	2011	2010
Health management			
Health training courses offered:			
– Shift workers	**610**	657	670
– Managers	**408**	407	330
– Executives	**146**	128	84
Offers for periods of preventive treatment:			
– Shift workers	**234**	237	111
– Managers	**186**	151	89
– Executives	**17**	25	0
Corporate medical service			
Office hours	**32,612**	30,272	27,792
Preventive occupational medicine checkups	**37,323**	37,969	35,037
Vaccinations and medical advice for travelers	**19,164**	19,456	16,314
Major checkups for executives	**230**	225	268
Minor checkups	**245**	763	713
Corporate social counseling			
Number of counseling clients	**5,720**	5,742	4,967
Other key figures			
BKK members	**182,405**	176,503	171,404
SG Stern members	**39,542**	37,774	36,372

More HR key figures in our key figure tool: Online 200

Health management and occupational safety

Demographic change and the transformation of working environments and home life are affecting our employees' performance and necessitate sustainable, forward-looking solutions for maintaining the health and physical integrity of our workforce.

Awards: Online 219

Accident figures for Daimler AG: Online 220

Organization and guidelines. The Group has globally uniform principles for the prevention of accidents and illness. These principles comply with national laws and international standards. The Health & Safety unit is responsible for all matters related to occupational medicine, occupational safety, health management, ergonomics, social counseling, and integration management. Health management and occupational safety are also integral parts of our risk management systems.

Lighthouse projects and initiatives: Online 221

Ergonomic design of work stations: Online 222

Social counseling: management- and employee counseling : Online 223

Activities of the national subsidiaries against HIV/AIDS: Online 224

The primary aim of the **health management measures** is to motivate our employees to have a healthy lifestyle and take on more responsibility for maintaining their health. To make this possible, we launch campaigns and offer advice and training regarding preventive medicine worldwide. In addition, we implement therapeutic and rehabilitation measures. Some of these activities are conducted by the health centers at the various company locations. In 2012 we expanded our range of offers by adding programs devoted specifically to the promotion of mental health. Last year's annual campaign was called "Step by Step" and encouraged people to exercise more in their daily lives.

Portfolio of our health promotion programs: Online 225

Health campaign for 2012 — "Step by Step": Online 226

Our **occupational safety** program encompasses all of the measures for the prevention of workplace accidents and work-related illnesses. The program is based in part on a risk assessment from which preventive measures and training courses are derived.

Occupational safety committees, agreements, guidelines: Online 227

The program for **occupational medicine and emergency medical services** encompasses all of the measures for the prevention of work-related illnesses, the protection of employee health at the workplace, and the diagnosis and treatment of acute illnesses and injuries due to accidents. Our company doctors and plant medical staff are responsible for implementing these measures worldwide.

Occupational medicine portfolio: Online 228

Product responsibility

For Daimler, product responsibility means combining the greatest possible customer utility with the highest safety standards, while also setting benchmarks in terms of environmental and climate compatibility. The Daimler Environmental Guidelines are the binding standards against which we measure our operations. The second guideline is as follows: We strive to develop products which are highly responsible to the environment in their respective market segments.

Our mission is therefore to fulfill stringent environmental standards and deal sparingly with natural resources. Our measures for environmentally compatible product design take into account the entire product life cycle, from development and production to product use, disposal, and recycling.

Environmental Guidelines: Online 301

Environmental management in product development. The requirements regarding our vehicles' environmental compatibility are integral aspects of automobile development at Daimler and are discussed by the corresponding committees (see diagram) 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.

Environmentally responsible product development: Page 70 f.
Graphic: Environmental management in product development: Page 67

Our powertrain strategy

We aim to offer our customers safe, efficient, and clean vehicles and services, and thereby ensure that future generations will remain mobile as well.

Our vision is to create an intelligent mix of drive systems. Our Road to Emission-free Driving initiative defines the key development areas in relation to new, fuel-efficient, and environmentally compatible drive technologies for all of our automotive divisions. The targets are as follows:

- Further development of our vehicles, which are equipped with cutting-edge combustion engines, in order to substantially reduce fuel consumption and emissions
- Further increased efficiency through hybridization
- Electric vehicles with fuel cell and battery-powered drives.

Enhanced gasoline and diesel engines reduce fuel consumption, for example in the new A-Class by up to 26 percent compared to the predecessor model; CO_2 emissions fall correspondingly. The Mercedes-Benz B 200 Natural Gas Drive presented in the fall of 2012 emits only 115 g of CO_2 per kilometer (NEDC) when running on natural gas. As a result, CO_2 emissions are around 16 percent lower than those of the comparable gasoline-powered B 200 BlueEFFICIENCY, while exhaust gas emissions are substantially lower than those of the diesel-powered model. The vehicle has an A energy efficiency rating and complies with the Euro 6 emissions standard. It can travel around 500 kilometers on a single tank of natural gas. The engine can run on either conventional natural gas, biogas, or synthetic gas.

EtaMax – fuel from organic waste: Page 67

New hybrid vehicles. We use our modular hybrid system to create a wide variety of hybrid drive variants, ranging from start-stop systems all the way to plug-in hybrids for purely electric driving. Last summer, we introduced the E 300 BlueTEC HYBRID in Europe and the E 400 HYBRID in the US market. Moreover, Fuso is already producing the second generation of the Canter EcoHybrid. Freightliner has created hybrids of many of its M2 short-distance trucks and Mercedes-Benz' Atego BlueTec Hybrid received the Truck of the Year Award 2011. The Mercedes-Benz Citaro G BlueTec Hybrid is currently the only hybrid bus that can travel up to 10 kilometers solely on electricity. On such stretches, the bus is locally emission-free and almost silent.

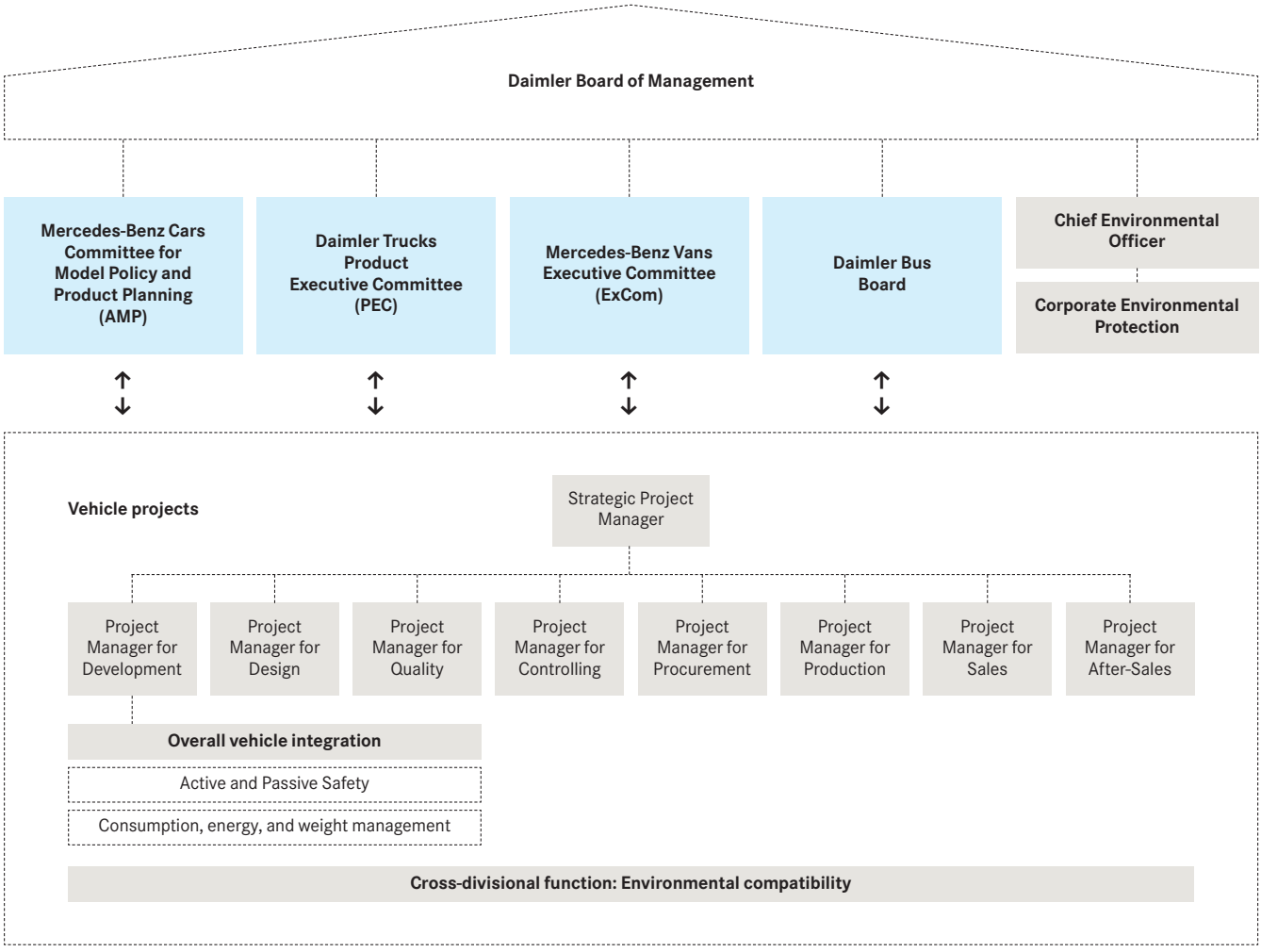
The strengths of hybrid commercial vehicles really come into their own in inner cities. Given that the vehicles generally have to make frequent stops, braking energy is recovered for subsequent reuse during acceleration. Depending on the vehicle type and area of application, the system can reduce fuel consumption by 10 to 20 percent. The equivalent figure can even rise to 30 percent in the case of urban buses. However, the high cost of the technology makes the vehicles expensive. Further development work is therefore needed to make the technology marketable.

Electric vehicles for everyone. The new smart fortwo electric drive, which has been available since June 2012, is gradually being introduced to more than 30 markets. The car is equipped with a lithium-ion battery that we and Evonik Industries are manufacturing at the Deutsche ACCUmotive joint venture. Thanks to its increased battery performance and more efficient powertrain, the vehicle now has a range of 145 kilometers, which is substantially greater than that of its second-generation predecessor model. In most countries, the battery can be recharged at charging stations or household power sockets within seven hours even when it is depleted. Vehicles equipped with a fast-charging feature can be fully recharged in less than an hour at appropriate public fast-charging stations or electric wall boxes.

Green power for every smart. Electric vehicles can help to reduce or prevent greenhouse gas emissions, especially when they use power produced by renewable sources of energy. Daimler is therefore taking part in a pilot project in which it feeds additional renewably generated energy into the German grid – enough to power all the smart fortwo electric drive sold in Germany. For this pilot project, Daimler does not accept any subsidies from Germany's Renewable Energy Sources Act (EEG).

"Forging ahead with green power: Wind energy for the smart fortwo electric drive": Page 47

Environmental management in product development



Electric vehicles equipped with fuel cell drives are particularly suited for long stretches due to their long ranges and short refueling times. The electricity needed to power the vehicle is generated onboard from hydrogen, which is pumped into the tank in the same way as fuel in a conventional automobile. Daimler is working together with partners from the political sector and the energy industry to create a comprehensive hydrogen infrastructure. Only if sufficient filling stations are available, emission-free driving will also become attractive for customers over long distances.

Fuels

In addition to developing fuel-saving and environmentally compatible drive systems, Daimler is contributing to research alternative fuels. These fuels represent another important way of preventing emissions and making vehicles less dependent on fossil sources of energy.

EtaMax – fuel from organic waste. As an automaker, the company's research focuses on vehicle technology and the compatibility of various fuels. However, in order to forge ahead with new low-emission technologies, we also work together with fuel manufacturers and take part in external research projects. Among them is the EtaMax research project initiated by the Fraunhofer Institute for Interfacial Engineering and Biotechnology (IGB). The project partners are currently testing a modular process for generating biogas from organic waste that is produced at the Stuttgart wholesale market as well as from the residual biomass of algae. The project is being conducted by research institutes, energy companies, and industrial firms. Daimler is contributing research and development vehicles that consume purified biomethane as fuel. In particular, the project is investigating how different gas qualities affect the vehicles, fuel consumption, and emissions.

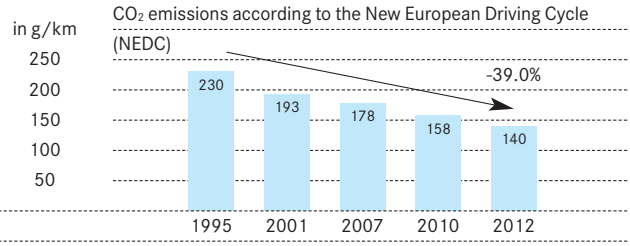
Our fuel roadmap: Online 302
Online tool for calculating energy balance: Online 303

Drive technologies from Daimler

Share in percent	Gasoline-powered vehicles	Diesel-powered vehicles	Natural gas drive vehicles	Hybrid drive vehicles[1]	Electric drive vehicles[2]
Europe	27.4	72.2	0.2	0.3	0.1
NAFTA	56.9	43.1			
Japan	52.6	47.3			
China	83.4	15.7			

[1] Basis: Vehicle sales in the respective markets in 2012
[2] Due to the discontinuation of urban bus production in North America in 2012, hybrid buses from Orion were no longer included in the calculation.

Development of CO_2 emissions for the Mercedes-Benz Cars vehicle fleet in Europe (EU 27) 1995–2012



1995 including vans registered as M1 vehicles

Fuel consumption and CO_2 emissions

Over a car's life cycle, most of the primary energy consumption and CO_2 emissions are associated with the vehicle utilization phase. This share is about 80 percent in the case of passenger cars equipped with combustion engines, while the remaining 20 percent is consumed almost entirely during manufacturing. For automobiles fitted with alternative drive systems CO_2 emissions of the vehicle's use phase drop. 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. We are working intensively to reduce emissions from all phases of a product's life cycle.

Further optimization of the BlueEFFICIENCY packages and the market launch of our new A-Class and B-Class compact cars have led to additional significant reductions of CO_2 emissions in our fleet of new vehicles.

In 2012 the entire fleet of Mercedes-Benz Cars vehicles in Europe emitted an average of 140 grams of CO_2 per kilometer. We therefore reached our target for 2012 (approximately 140 grams of CO_2 per kilometer) which means a reduction by more than 20 percent over the last five years. The decline amounted to more than 6 percent in 2012 alone.

Our goal is to reduce the CO_2 emissions of our new-vehicle fleet in Europe to 125 grams per kilometer by 2016. Also for the light commercial vehicles the current emissions legislation also sets ambitious goals.

As a result, vehicle fleets in Europe will not be allowed to emit more than 175 grams of carbon dioxide per kilometer in 2017 and 147 grams per kilometer in 2020. The average emissions of our fleet of light commercial vehicles in Europe were 222 grams of CO_2 per kilometer in 2012. We are aiming to cut CO_2 emissions by more than 10 percent between 2010 and 2014.

Boosting fuel economy with BlueEFFICIENCY. The BlueEFFICIENCY technology package reduces fuel consumption and CO_2 emissions of Mercedes-Benz cars and vans by up to 30 percent. The key elements of BlueEFFICIENCY include the use of engines with small displacements and turbochargers, lightweight engineering, aerodynamic improvements to the vehicle's shape, an automatic start-stop function, low rolling-resistance tires, electric power steering, gear-shifting and fuel consumption displays, and a smart energy management system (needs-based regulation of the generator, fuel pump, air conditioning compressor, etc.). Taken together, these measures greatly improve the vehicle's efficiency.

Fuel-efficiency enhancing measures in the new A-Class. A large number of coordinated modifications were made to the body, the engines, and the ancillary components of the A-Class to reduce the car's fuel consumption. The improvements include:

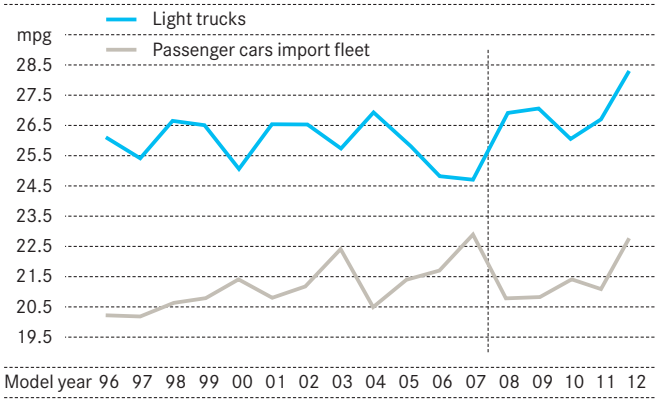
- Downsized engines with turbocharging and reduced friction
- ECO start-stop feature used for all engines and transmissions
- Needs-based regulation of the fuel and oil pumps
- Improved aerodynamics (rear window side spoilers, optimized underbody and rear-axle paneling, radiator shutter, wheels, and wheel covers)
- ECO display in the instrument cluster
- Shift point display for all engines equipped with manual transmission

Data of current vehicle models: Online 304

Fuel-efficiency enhancing measures in the new Actros. The new Actros features a wide variety of improvements that substantially reduce the truck's fuel consumption compared to the predecessor model. The measures include:

- Vehicle improvements such as new six-cylinder inline engine series, the enhanced Mercedes PowerShift 3 manual transmission with fuel consumption-optimized shift points, and wind deflectors for improved airflow properties.
- Technologies such as BlueTec®, which reduce pollutant emissions and save fuel at the same time.
- Operational systems such as the FleetBoard® fleet management program.

Daimler CAFE* values for passenger cars and light trucks 1996–2012 in the US



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

* CAFE = Corporate Average Fuel Economy

Proportion of Mercedes-Benz Cars vehicles registered in Europe in 2012 that fulfill the current and future emissions standards

	HC + NO_x in g/km	NO_x in g/km		Particulates in g/km		Proportion of Mercedes-Benz Cars vehicles that comply with the corresponding limits
	Diesel	Gasoline	Diesel	Gasoline [2]	Diesel	
Euro 5	0.23	0.06	0.18	0.005	0.005	91 percent
Euro 6[1]	0.17	0.06	0.08	0.005	0.005	9 percent

[1] The Euro 6 limits are binding for all new vehicles from January 1, 2015.
[2] The particulate matter limits apply only to engines with gasoline direct injection.

Fleet values in the US. In the US, fleet values are regulated by the Greenhouse Gas (GHG) standards and the Corporate Average Fuel Economy (CAFE) standards, which are coordinated with one another. The CAFE fleet value for each model year is determined by the number of vehicles sold and the respective fuel economy figures. For every 0.1 mile per gallon below the stipulated level, the manufacturer in question has to pay a fine of US$5.50 for each vehicle sold. Daimler had to pay a CAFE penalty of U.S.$16.3 million for its fleet of model-year 2011 light trucks. However, we have substantially reduced fuel consumption in the model-year 2012.

More information about CAFE: Online 305

In early 2012, the US Environmental Protection Agency (EPA) certified Daimler Trucks North America's (DTNA) complete range of on-highway, vocational and medium-duty trucks as fully compliant with the Greenhouse Gas 2014 (GHG14) standard. As a result, DTNA fulfilled these requirements ahead of schedule, as they will go into effect for medium- and heavy-duty trucks with model year 2013.

Fleet values in China. For the automotive industry, the Chinese authorities have defined an average fleet consumption value of 6.9 liters per 100 kilometers (approx. 160 grams of CO_2 per kilometer) for 2015. The targets for the individual automakers are based on the weights of their respective product ranges. A very ambitious long-term target is currently being discussed for 2020.

Training programs for drivers. The Mercedes-Benz Eco Training programs that we offer to drivers of cars and commercial vehicles alike demonstrate how an economical and anticipatory driving style can reduce fuel consumption by up to 10 percent.

More information about our environmental training program: Online 306

ECO display helps drivers save fuel. Fuel savings can also be achieved with the new ECO display for analyzing driving styles. For example, it provides drivers of the new A-Class with information on how fuel-efficiently they are traveling with regard to efficient acceleration, uniform driving, and the efficient use of coasting phases. The drivers' performance is displayed in the form of bar charts and an average percentage value. The higher the bars rise or the percentage is, the more fuel efficient is the motorist's current driving style. The ECO display has helped test subjects achieve fuel savings of up to 17 percent.

Tips for saving fuel: Online 307

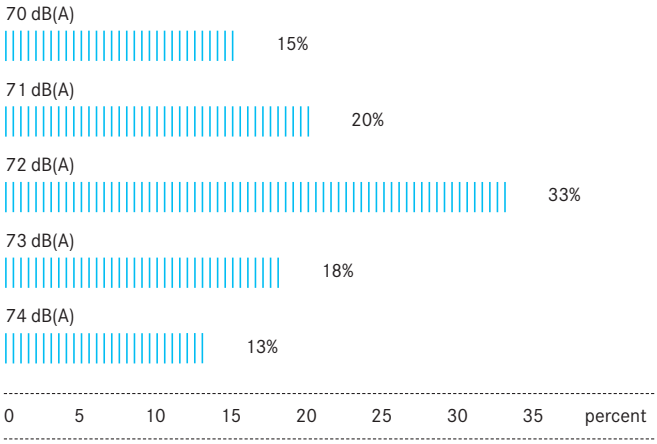
Pollutant emissions

We use cutting-edge technologies to further reduce the pollutant emissions of our cars and commercial vehicles. Our aim is to achieve future emission limits in advance, if possible.

Low emissions in compliance with Euro 6. The gasoline engines installed in the new Mercedes-Benz A- and B-Class already meet the limits stipulated by the EU's Euro 6 standard for gasoline-powered vehicles, which will go into effect on September 1, 2014. Thanks to advanced Mercedes-Benz technology, the gasoline direct injection engines meet not only the upcoming standard but also the very stringent particulate limit (6×10^{11} per km), which won't become mandatory until the second stage of Euro 6 goes into effect in 2017.

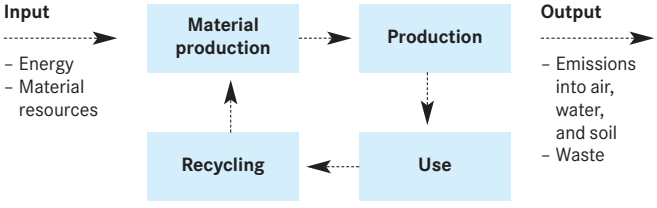
Passenger car emission limits worldwide: Online 308

Pass-by noise of passenger cars – distribution over the number of Mercedes-Benz and smart cars sold in Europe in 2012



The legal limit is 74 dB(A) and is binding for the accelerated pass-by test.
A reduction of 3 dB(A) corresponds to a halving of the acoustic power.

Life cycle assessment



Noise

New wind tunnel in Sindelfingen. In recent years, a wide variety of technological measures have enabled us to substantially reduce the noise produced by our cars, trucks, and buses, which we plan to further reduce in the future. In Sindelfingen, we are currently building a new aeroacoustic wind tunnel, which we plan to put into operation in summer 2013. We will use this large-scale rig for air resistance measurements, acoustic investigations, and flow field measurements speeds of up to 265 km/h in order to support our aeroacoustic specialists and body and engine developers. The measurements will enable us to further reduce not only the air resistance but also the wind noise. There are still some areas, however, where the reduction of noise and fuel consumption are conflicting aims from a technological standpoint. This is especially the case with commercial vehicles. If you encapsulate the engine, for example, you need a stronger cooling system, which leads to higher fuel consumption. By contrast, higher injection pressures represent an important means of reducing fuel consumption but also increase combustion noise.

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 process, it is possible to minimize the impact on the environment. By contrast, later corrections of the product design are only possible to a limited extent. This is why our development specifications already include continual improvements made to the environmental compatibility of Daimler vehicles. Serving as a cross-divisional team, our DfE experts are involved in all stages of the vehicle development process.

The requirements that ecologically oriented product development has to meet are specified in the ISO TR 14062 standard. Mercedes-Benz already has environmental certificates according to ISO TR 14062 since 2005. In addition, in order to ensure that environmentally compatible product development is conducted in a systematic and controllable way, it must be integrated into the existing ISO 14001 and ISO 9001 environmental and quality management systems. The necessary processes and interactions are described by the recently introduced international standard ISO 14006. As confirmed by TÜV SÜD Management GmbH in 2012, Mercedes-Benz already meets all of the new standard's requirements.

Environmental management in product development: Page 66
Mercedes-Benz models with an environmental certificate: Online 309

Comprehensive life cycle assessment. To make our vehicles more environmentally friendly, emissions and resource consumption must be taken into account during an automobile's entire life cycle. The standardized tool for evaluating a vehicle's environmental performance is the life cycle assessment, which examines all of the ways in which a vehicle impacts the environment – from raw material extraction and vehicle production to product use and recycling. The Mercedes-Benz Development department uses life cycle assessments to evaluate and compare different vehicles, components, and technologies.

Environmental profile of the new A-Class: Online 310

Less weight, more recyclates, more natural materials. We want to optimize vehicles weight and further reduce the environmental impact of the materials used in their production. To achieve these goals, we are employing new, lightweight materials and components. In addition, we are increasingly using natural fibers and recycled materials.

Lightweight engineering can further reduce a vehicle's weight despite the need to meet high standards of safety and comfort. Material selection, component design, and manufacturing technology all play key roles in lightweight engineering. Moreover, not every material is suitable for every component.

At 35 percent, the vehicle body accounts for the biggest share of an automobile's total weight, followed by the chassis (25 percent), the comfort and safety features (20 percent), and the powertrain (20 percent). As a result, the most effective means of reducing vehicle weight is to focus on the body. Instead of using conventional types of steel, we are increasingly employing high-strength and ultra-high-strength alloys. Special body panels with graduated thicknesses are especially effective in this regard. The thickness of the material varies, depending on how much stress it is actually subjected to in the automobile.

We are also adopting new approaches when it comes to aluminum and are striving to conserve resources as much as possible. Previously, the recycled aluminum for making body panels was obtained exclusively from production waste. In order to also make use of aluminum contained in end-of-life material, it is necessary to turn our attention to new alloys. Such an alloy is now being employed for the first time. More than 90 percent of the alloy, which is being used in the spare-tire recess of the new SL's trunk, consists of recycled aluminum.

Carbon-fiber reinforced plastic (CFRP) also has tremendous lightweight engineering potential. Together with partners such as the Japanese fiber supplier Toray, we are continuing to promote the installation of series-produced CFRP components in automobiles. NANOSLIDE technology, which is now used in six-cylinder diesel engines, optimizes friction within the engine. The system eliminates the need for cast cylinder liners, thus reducing engine weight by more than four kilograms. The use of NANOSLIDE technology in the new M-Class cuts the vehicle's fuel consumption by around three percent.

Increased use of recycled materials. The EU's End-of-Life Vehicle Directive 2000/53/EC not only stipulates recycling quotas; it also requires manufacturers to use more recycled material during vehicle production in order to build up and extend the markets for recyclates. As a result, the specifications for new Mercedes models prescribe steady increases in the share of recyclates used in car models.

Our development-related studies of recyclate use address plastic. Unlike steel and ferrous materials, for which secondary materials are already added to the starting material, each plastic component has to be tested and approved separately. Accordingly, information on the use of recyclates in cars is only documented for plastic components, as only this aspect can be influenced during development.

Recyclates in the new B-Class. A total of 75 components in the new B-Class can be produced partly from high-quality recycled plastic. These materials account for 39.2 kilograms of the vehicle's weight; that is 13 percent more than in the predecessor model. Typical applications include wheel arch linings, cable ducts, and underbody paneling, which are mainly made of polypropylene.

In order to close materials cycles, we are aiming to obtain recyclates from vehicle-related waste streams, if possible. For example, the front wheel arch linings of the B-Class employ a recyclate made from recovered vehicle components. They include starter battery casings, bumper covers from the Mercedes-Benz Recycling System (MeRSy), and process waste from cockpit production.

A new process is being used to manufacture battery mountings. Here, waste from instrument panel production is recycled so that high-quality plastic can be recovered. The plastic is subsequently processed further, using the MuCell® (Micro Cellular Foam Injection Molding) technique. This method involves incorporating extremely tiny gas bubbles into the plastic to reduce its density and thus the weight of the components that are manufactured from it.

Renewable raw materials offer many advantages:
- Compared with glass fibre, natural fibres normally result in a reduced component weight.
- They can be processed by means of conventional technologies.
- The resulting products are generally readily recyclable.
- In energy recovery they exhibit an almost neutral CO_2 balance, since only the same amount of CO_2 is released as was absorbed by the plant during growth.
- Renewable resources help reduce the consumption of fossil resources.

Renewable raw materials in the new A-Class. In the engine covering of the new A-Class, Mercedes-Benz is using an organic polymer for the first time in a large-scale production. A total of 20 components with a combined weight of 20.8 kilograms are produced using natural materials. This has raised the total weight of the components made from renewable raw materials by 36 percent compared to the predecessor model.

Materials used to produce the new A-Class: Online 311

Recycling of end-of-life vehicles

A recycling concept is created in parallel with the vehicle development process. To this end, we analyze the individual components and materials for each stage of recycling.
1. Pretreatment (removal of all service fluids, tires, the battery and catalytic converters, ignition of airbags)
2. Dismantling (removal of replacement parts and components for material recycling)
3. Separation of metals in the shredder process
4. Treatment of non-metallic residual fraction (shredder light fraction – SLF).

The quantitative flows stipulated for each step determine the recycling or recovery rate for the vehicle as a whole. The aforementioned process chain ensures that all Mercedes-Benz models demonstrate a recyclability rate of 85 percent and a recovery rate of 95 percent. As a result, we already meet the recycling target of 95 percent of the vehicle's weight, which will become mandatory from January 1, 2015.

Proven elements of our recycling concept are the resale of tested and certified used parts by the Mercedes-Benz Used Parts Center (GTC), the remanufacturing of components, and the MeRSy Recycling Management system for workshops.

Remanufacturing of passenger car and commercial vehicle components: Online 312

Removal of workshop waste with MeRSy. The MeRSy Recycling Management system for removing workshop waste helps to collect and recycle waste material created during the maintenance or repair of our vehicles. If recycling is not possible, the system ensures that the material is professionally disposed of. The system is now used for a total of more than 35 fractions, including plastic parts, batteries, packaging materials, catalytic converters, used tires, brake fluid, and coolants. In 2012 MeRSy collected a total of 30,869 tons of end-of-life parts and materials for recycling. Around 1.0 million liters of coolant and 767,000 liters of brake fluid were also recycled.

Europe-wide take-back network for end-of-life vehicles. We guarantee that our customers can easily turn in their old cars and that these automobiles are professionally disposed of in accordance with the EU's directive on end-of-life vehicles. To this end, we have established networks for returning end-of-life vehicles in all EU countries.

Recycling of new electromobility components. In cooperation with suppliers and waste disposal partners, we have obtained information on how to recycle lithium-ion batteries in the LiBRi (Lithium Battery Recycling Initiative) research project. In this project, we developed innovative recycling concepts that enable us to recover valuable high-quality components and materials.

We have set up a central processing facility for recycling high-voltage batteries at our plant in Mannheim.

We are researching very promising ideas for recycling electric motors as part of the MoRe (Motor Recycling) project, which receives funding from the German Ministry of Research (BMBF). In the project, a consortium of research institutes and industrial enterprises examines the entire value chain, extending from the layout and assembly of the motors to retrologistics operations and the parts' reuse in vehicles. The objective is to develop recycling solutions for electric motors. The researchers working on the project are investigating a number of different approaches for recycling electric motors:

- Removing magnets from end-of-life motors
- Repairing and subsequently reusing electric motors or their components
- Recycling magnet materials and rare earth metals.

Mobility concepts and services

Daimler has developed a number of innovative mobility concepts designed especially for urban areas where transportation systems and infrastructures often operate at their limits:

- **car2go.** A mobility concept that offers a comprehensive fleet of smart fortwo cars in various European and North American cities. After a one-time registration, customers can rent the vehicles on the spur of the moment at any time of the day or night.

www.car2go.com

- **moovel.** A mobility platform that shows users how to best get from Point A to Point B. To perform this feat, the system combines information on the offers of a wide variety of mobility providers and displays the matching travel options in an app and at a mobile device website. In this context, we have already obtained useful insights from the ad-hoc ride-sharing system car2gether.

www.moovel.com

- **Bus Rapid Transit (BRT).** In this local public transportation system for big cities, frequently running regular-service buses use dedicated lanes and have separate traffic light settings.

More information about our mobility concepts: Page 18 and Online 313

Effects on health and safety

Our safety and zero-emission driving strategies aim to make traveling as safe as possible for drivers, passengers, and other road users, while also preventing emissions and noise.

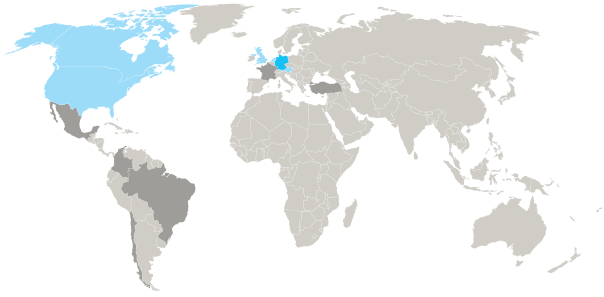
At delivery, our products and services have to meet the quality criteria for active and passive safety that were contractually agreed upon and also be safely usable in line with their intended purpose. That is why we ensure that no faults arise already during the development and design stages of our vehicles. Our safety obligations also apply during the production phase, during the sales process, and after a product has been handed over to the customer. The Daimler Product Safety Directive regulates the associated requirements, tasks, activities, and responsibilities. We monitor products worldwide in order to detect potential risks early on. Processes and procedures for taking suitable countermeasures as warnings or customer service activities are defined. For example, where appropriate, we issue warnings or conduct customer service activities.

Our safety strategy

One of our key obligations is to ensure the safety of our customers. Since 1969 experts at Mercedes-Benz have been conducting in-house accident research to investigate critical traffic situations and real-life accidents involving Mercedes-Benz vehicles. As a result, we have consistently designed our comprehensive "integral safety" concept in line with real-life traffic situations and accidents. The concept focuses on creating synergies between active and passive safety.

Accident-prevention systems. Accident-prevention systems have repeatedly demonstrated their effectiveness. For example, already

Mobility concepts and services (as of December 31, 2012)



car2go	Germany	Berlin, Düsseldorf, Hamburg, Cologne, Stuttgart, Ulm/Neu-Ulm
	United Kingdom	London
	Netherlands	Amsterdam
	Austria	Vienna
	Canada	Calgary, Toronto, Vancouver
	USA	Austin, Miami, Portland, San Diego, Seattle, Washington D.C.
moovel	Germany	Berlin, Stuttgart
BRT	Colombia	Bogotá, Pereira
	Turkey	Istanbul
	Mexico	Mexico City
	France	Nantes
	Chile	Santiago de Chile
	Brazil	São Paulo

... in more than 20 cities worldwide

car2go **car2go and moovel** **BRT**

in 2006 the US Insurance Institute for Highway Safety determined that ESP® reduces the risk of a fatal single-vehicle accident (skidding, swerving out of a lane) by more than 50 percent.

Selected accident prevention systems in our vehicles: Online 314

Electronic emergency call. The Mercedes-Benz eCall, the vehicle emergency call system, can automatically notify rescue services after a serious accident. If the airbags or seat belt tensioners are activated, the system will connect to a cell phone online and transmit the vehicle's precise GPS position and identification number. The system will also text the location of the accident to emergency call centers and rescue services. As a result, rescue teams receive comprehensive information within minutes after an accident has occurred. An emergency call can also be made manually.

Less accidents involving commercial vehicles. Due to improved active and passive safety systems, the number of commercial vehicles involved in accidents is decreasing. In addition, the accidents that do occur are less severe. However, commercial vehicles' great mass puts limits on what passive safety systems can accomplish. This is the reason why further safety improvements will mainly be achieved by increasing the number of active systems. State-of-the-art buses and trucks such as the Mercedes-Benz Actros can be fitted with a wide variety of assistance and safety systems that support drivers in critical driving situations.

Active safety in the new Actros. The new Mercedes-Benz Actros is equipped with three braking systems, four assistance systems, and six safety systems. Assistance systems keep vehicles at a constant distance to automobiles up ahead and adjust speeds accordingly. They provide a warning when the vehicle shows signs of leaving the road or when signs of driver drowsiness are identified. The systems prevent semi-trailers from skidding. The new Active Brake Assist 3 emergency braking system now idenpendently applies the full brakes if a stationary object is detected ahead. This means the Actros can not only mitigate the effects of a rear-end collision, as was previously the case, but also prevent accidents, depending on the speed at which the truck is traveling.

Innovation management

To provide our customers with exciting products and tailored solutions for needs-oriented, safe and sustainable mobility, we need a constant supply of new ideas, creative solutions, and inventions. Successful research and development work is therefore the starting point and driving force of future corporate success. This requires extensive investments. In 2012, we spent a total of €5.6 billion on research and development, the same amount we invested in 2011.

In order to implement as many ideas as possible as quickly as possible, we have established certain processes for harnessing both creativity and customer utility. Our research and technology policy forms the strategic framework for innovation-oriented themes from the areas of research, science, and technology. With the help of our own futurology activities and technology monitoring measures, we ensure that our new solutions anticipate changing framework conditions and the future wishes of our customers. In addition, our Customer Research Center (CRC) conducts customer research and analyzes product acceptance to ensure that customer feedback and innovative ideas are incorporated into the development of new vehicles from the very start.

The organizational structure of innovation management: Online 315

Tools and processes: Online 316

Innovations don't happen by chance: A dialog between Prof. Thomas Weber and Prof. Hans-Jörg Bullinger: Page 42

Operations-related environmental protection

We have formulated our requirements for a comprehensive approach to environmental protection in the Daimler Environmental Guidelines. In addition, the Environmental Management Manual provides detailed guidance on the company's groupwide system of environmental management. Added to this are in-house standards for the handling of hazardous materials, waste management, soil and groundwater contamination, and other issues.

Our Environmental Guidelines: Online 401

Organization. On behalf of the Daimler Board of Management, the Board of Management member responsible for Group Research and Mercedes-Benz Cars Development is also charged with the company's environmental protection activities. The following individual and organizational units are responsible for 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 advise the company's management concerning environmental issues.
- **The Corporate Environmental Protection unit** coordinates the operational requirements of Group-wide environmental management. Its tasks include analyzing the legal requirements, defining and refining environmental protection standards, providing environmental reporting, and carrying out production-related risk management associated with environmental protection.
- **The Corporate Environmental Council** examines environmental protection issues to determine their relevance to the Group and initiates and coordinates cross-divisional and cross-unit environmental protection tasks and projects. The council is made up of executives responsible for Design for Environment, the environmental management officers from the individual divisions, and representatives of the Corporate Strategy and Communications units.
- **Regional committees** 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. Daimler regularly organizes awareness and training programs for its employees and managers. The programs focus on the practical application of environmental protection at the company and address questions concerning environmental responsibility. We also train our auditors, who monitor the environmental management systems of our plants, and provide training to supplier auditors. In addition, we offer refresher courses that allow participants to share ideas and experiences.

Regulations. We regularly analyze the environmental risks at our locations in accordance with globally uniform standards so that the risks can be negated or reduced before they fully materialize. Suppliers have to fulfill our sustainability guidelines for suppliers. These guidelines require suppliers to have an environmental management system that is certified according to ISO 14001, EMAS, or other comparable standards. Our specifications also define the environmental compatibility standards for delivered components. In addition, the Mercedes-Benz contract conditions contain provisions regarding materials selection, banned substances, recycling requirements, and compliance with environmental legislation.

More information about sustainability requirements in the supply chain: Page 79 f.

Certification. All of our production locations worldwide are certified in accordance with the ISO 14001 standard and are regularly audited to determine whether they meet the requirements of this environmental management system. As a result, more than 98 percent of our employees work within the framework of a certified environmental management system. In addition, almost all of our German locations are certified according to the EU's Eco-Management and Audit Scheme (EMAS). More than ten locations, including our major plants, have energy management systems that are certified in accordance with ISO 50001.

The environmental statements of the plants: Online 402

Data collection: Online 403

Energy management and climate protection

Objective. Our Group-wide target is to reduce the CO_2 emissions generated by our production activities by 20 percent per vehicle between 2007 and 2015. To achieve this goal, we are increasing process efficiency, using low-carbon sources of energy, and employing renewable sources of energy wherever possible.

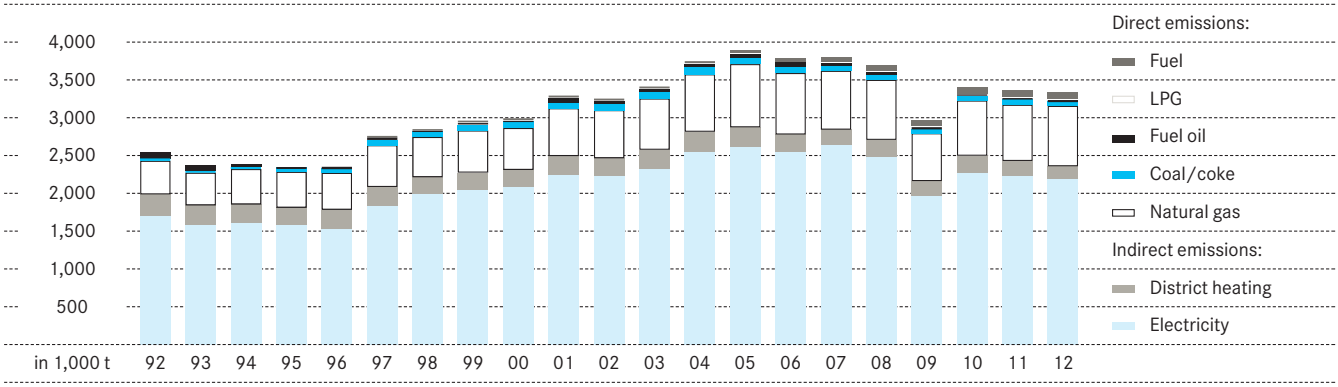
CO_2 emissions. Although we increased our production output, measures for boosting energy efficiency and optimizing energy supply enabled us to reduce our absolute and specific CO_2 emissions in 2012. The chart shows in detail how much CO_2 is generated through the direct combustion of fossil fuels and the supply of electricity and district heating from external producers.

Calculation of our CO_2 emissions: Online 404

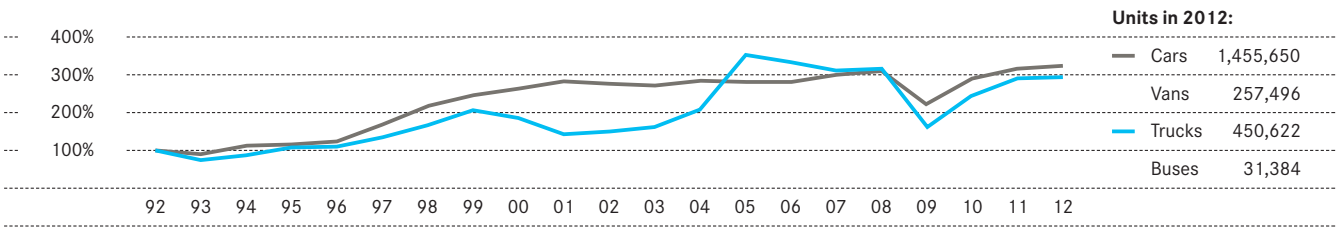
Effects of vertical integration. Vertical integration plays a key role in the comparison of environmental data, such as CO_2 emissions per vehicle produced, from different manufacturers. Vertical integration expresses the extent to which a manufacturer makes its products and their precursors itself. This dimension is of crucial importance for Daimler, since the share of products we produce ourselves is much higher than that of our direct competitors in many areas. For example, our competitors generally procure their transmissions from third parties. As a result, their environmental performance statistics do not include the environmental impact of transmission production. The situation is completely different at Daimler. The diagrams on the next page show the share of energy consumed and CO_2 emitted by our vehicle plants (body shops, painting lines, and assembly areas) and the powertrain facilities (production of engines, axles, transmissions, and associated components) of our car factories. Many of our competitors do not produce transmissions, which alone account for around 7 percent of our fuel use and emissions.

Climate-friendly energy supply. In addition to using low-carbon

Direct and indirect CO_2 emissions from production

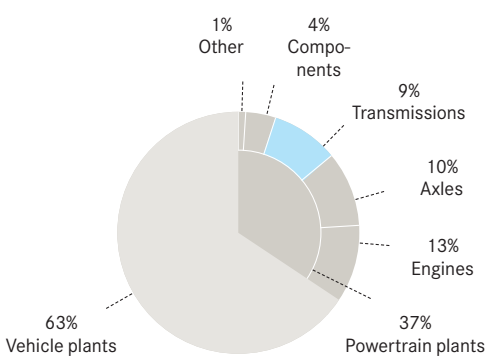


Annual vehicle production (1992 = 100%)

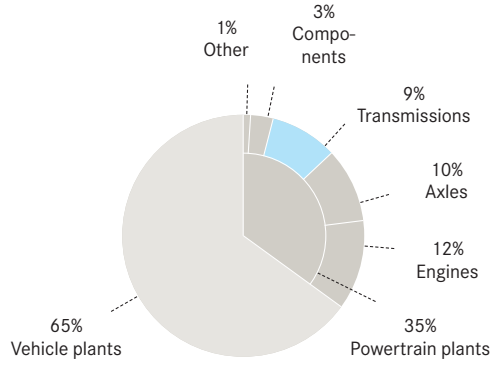


Mercedes-Benz Cars' powertrain plants have traditionally had a high level of vertical integration

Composition of energy consumption at Mercedes-Benz Cars plants in 2012



Sources of CO_2 emissions at Mercedes-Benz Cars plants in 2012



natural gas to fuel the heating systems of our plants, we employ district heating wherever it is available. Many production plants use highly efficient cogeneration facilities operated by Daimler or regional power companies. The systematic expansion of combined heat and power (CHP) facilities is thus an important element of our climate-friendly energy supply system. More than 25 CHP modules with a total capacity of about 150 MW are being set up between 2011 and 2013. We are steadily reducing the use of fossil fuels that lead to high CO_2 emissions. Coke is only used for the smelting of cast iron, since there is no technological alternative. At several locations in Germany and the U.S., we either operate photovoltaic systems on our roofs or provide roof space for systems operated by other com-

Group-wide data about production-related environmental protection (* 2012 figures are provisional)

		Unit	2012*	2011	2010	2011/2012	Change in % 2010/2011
Energy consumption	Total	GWh	**10,878**	10,255	10,115	**6.1%**	1.4%
	of which electricity	GWh	**4,865**	4,590	4,363	**6.0%**	5.2%
	of which natural gas	GWh	**4,397**	4,108	4,037	**7.0%**	1.8%
	of which district heating	GWh	**951**	913	1,085	**4.2%**	-15.9%
	of which fuel oil	GWh	**104**	75	73	**38.7%**	2.7%
	of which liquefied petroleum gas (LPG)	GWh	**70**	60	58	**16.7%**	3.4%
	of which coal	GWh	**141**	184	171	**-23.4%**	7.6%
	of which fuel	GWh	**350**	325	328	**7.7%**	-0.9%
CO_2 emissions	Total	1,000 t	**3,165**	3,148	3,164	**0.5%**	-0.5%
	of which direct (Scope 1)	1,000 t	**892**	846	827	**5.4%**	2.3%
	of which indirect (Scope 2)	1,000 t	**2,273**	2,302	2,337	**-1.3%**	-1.5%
Emissions into the atmosphere	Solvents (VOC)	t	**6,462**	6,342	5,504	**1.9%**	15.2%
	Sulfur dioxide (SO_2)	t	**55**	55	40	**0.0%**	37.5%
	Carbon monoxide (CO)	t	**2,720**	2,636	2,229	**3.2%**	18.3%
	Nitrogen oxides (NO_X)	t	**955**	869	984	**9.9%**	-11.7%
	Particulates (total)	t	**280**	197	208	**42.1%**	-5.3%
Waste volumes	Waste for disposal	1,000 t	**67**	68	64	**-1.5%**	6.3%
	Waste for reuse (without scrap metal)	1,000 t	**243**	217	194	**12.0%**	11.9%
	Scrap metal for reuse	1,000 t	**778**	791	675	**-1.6%**	17.2%
	Hazardous waste for disposal	1,000 t	**23**	17	32	**35.3%**	-46.9%
	Hazardous waste for reuse	1,000 t	**66**	63	52	**4.8%**	21.2%
Water consumption	Drinking water (externally supplied)	million m^3	**8.59**	8.99	8.48	**-4.4%**	6.0%
	Well water (drawn on site)	million m^3	**5.78**	5.50	4.75	**5.1%**	15.8%
	Surface water and similar	million m^3	**0.89**	0.77	0.77	**15.6%**	0.0%
Area	Plant area	km^2	**48**	46	40	**4%**	15%
	Percentage covered by buildings or roads	%	**59**	49	51	**20%**	-4%
Costs related to environmental protection	Investments	million €	**84**	61	45	**37.7%**	35.6%
	Current expenditure	million €	**414**	395	378	**4.8%**	4.5%
	R&D expenditure	million €	**2,369**	2,159	1,876	**9.7%**	15.1%
Truck shipments of suppliers in Germany and Vitoria, Spain (IBLIS)	Truck-kilometers	million km	**166**	159	135	**4%**	18%
	Tons of cargo transported	million t	**4.4**	4.4	3.7	**0%**	19%
	Calculated amount of CO_2 emissions	1,000 t	**133**	119	101	**12%**	18%
CO_2 emissions from business trips (originating in Germany)	By train	1,000 t	**0.9**	0.8	0.7	**13%**	14%
	By plane	1,000 t	**21.1**	19.4	15	**9%**	29%
Amount of material used for the products made	Metallic materials	million t	**4.0**	3.9	3.4	**3%**	15%
	Other materials	million t	**1.2**	1.2	1.0	**0%**	20%

Energy consumption. Two new production plants in India and Hungary, as well as a greater need for space heating, resulted in an increase in energy consumption compared to 2011 that was proportionately greater than the increase in production.

CO_2 emissions. The slight decrease in indirect CO_2 emissions generated by the use of electricity and district heating was due to energy-saving measures and the separate procurement of low-CO_2 electricity. By contrast, there was an increase of direct emissions generated by the combustion of fossil fuels.

Emissions into the atmosphere. As a rule, the amounts of pollutants (SO_2, CO, NO_x, and particulates) emitted from our production plants are determined on the basis of samples measured at plants that are supervised by the relevant authorities. Solvents (VOC) are mainly determined on the basis of material reviews, which provide more precise results. The slight increase in solvents corresponds to the increase in production. POPs (long-lived organic pollutants) were not emitted.

Waste volumes. Hazardous waste from the filters of one foundry could no longer be recycled in 2012, as in previous years. The percentage of recycled hazardous waste remained constant at 93 percent.

Water consumption. The total water consumption remained constant compared to the prior year. The percentage of well water drawn on site and surface water collected on site continued to increase. The category of surface water includes water from rivers and 26,000 cubic meters of rainwater that were used for production purposes.

Area. The increase in production area is due to improved measurement methods and the inclusion of the new production locations.

Costs related to environmental protection. In the year under review, research and development in the area of alternative drive systems continued to increase. This increase was also reflected in the increase in environment-related expenditures for research and development.

Truck transport by suppliers in Germany and Vitoria (Spain). The total figures based on the central database of the logistics department refer to the majority of our production plants in Germany and Vitoria (Spain). The calculations were made in accordance with the current handbook on emission factors for road traffic (HBEFA 3.1).

CO_2 emissions on business trips. These values were calculated on the basis of the total person-kilometers of business trips booked in Germany at the in-house travel center. Travel in company cars was not included in this calculation. The increasing emissions due to business flights are a result of our increased global operations.

Material balance of the manufactured products. 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.

Specific data from the divisions and data on wastewater emissions: Online 405

panies. In this way, more than 45,000 square meters of roof surface are being used for the CO_2-neutral generation of electricity.

Saving energy. We continuously look for potential savings in our production processes, improve the shutdown control systems at our plants, and optimize the buildings' heating, air conditioning, and ventilation systems. The insights gained from the now completed Green-IT project have been incorporated into the information and data processing systems of the line organization. These insights enabled savings of about 159,000 megawatt-hours of electricity in the operation of the computer center, the IT infrastructure, the network, the telecommunications system, and the office automation technology while the project was running between 2009 and 2011. An innovation team conducts quarterly workshops in order to ensure that all planning and operating processes continue to achieve the highest levels of energy efficiency.

Air quality and resource efficiency

Solvents (volatile organic compounds, or VOCs) are released during vehicle production, especially during the painting process. Sulfur dioxide (SO_2), carbon monoxide (CO), nitrogen oxides (NO_x), and particulates are mainly emitted into the atmosphere through combustion processes in furnaces and at engine test rigs. Only tiny amounts of ozone-depleting substances have been emitted since damaging refrigerants were replaced by harmless substances.

We have been systematically reducing our solvent emissions for several decades, and now play a pioneering role in this regard in the automotive industry. The introduction of water-based paints in the 1990s reduced solvent emissions at the car production plants by about 70 percent. We plan to achieve further emissions reductions in the painting of commercial vehicles and powertrains.

Waste management

The recycling and reuse of raw, process, and operating materials has been standard practice at the Group for many years. The current recycling rate is 93 percent. In addition, innovative technical procedures and an environmentally compatible production planning system prevent waste from being produced in the first place. The plants in the USA in particular are aiming to eliminate landfill waste. Six of the eight plants have achieved this goal to date. As a producer of waste, it is vital that we use a standard process to regularly evaluate the companies charged with disposing the waste of our production facilities. None of the waste is exported to other countries.

Water management

Daimler aims to prevent water contamination. Because water is a precious natural resource, we consume as little of it as possible, especially in countries with arid climates. In general, most of our production plants do not channel their wastewater into lakes or rivers. Instead, following appropriate pretreatment, it is channeled into local water treatment plants through the public sewage system.

Detailed information about the various wastewater parameters can be found in the environmental reports of the EMAS-certified plants.

The environmental statements of the plants: Online 406

Transport and logistics

In addition to the vehicles that transport deliveries to and from our production plants, our employees' commuting also affects our environmental performance by consuming resources and causing emissions and noise. We minimize these emissions by optimizing the logistics systems involved and by using rail and ship transport as much as possible. Whenever feasible, we replace business travel with conference calls or video or online conferences. Employees working in Sindelfingen and Stuttgart receive discounted yearly passes for the public transit system. We also centrally monitor all truck shipments to our German plants and in Vitoria, Spain. We can approximately determine CO_2 emissions on the basis of tonnage and truck-kilometers.

Noise abatement

We are committed to minimizing the noise levels to which our employees and neighbors are exposed. From the very start, we therefore incorporate noise abatement concepts into the planning of new facilities. We continuously monitor sound sources and levels at Group production sites and reduce noise by installing sound-absorbing elements and noise abatement walls, for example.

Protection of soil and groundwater

We use existing techniques to prevent soil or groundwater contamination. Technical equipment – such as catchment trays, double-walled containers, special sealed floor coverings, and leakage warning systems – prevents water-polluting liquids from seeping into the ground. Our in-house guidelines provide minimum standards for dealing with contaminated soil or groundwater at all of our locations. Compliance with these standards, which go beyond local legal requirements at many plants, is evaluated in our global audits. In 2012 we registered no significant accidents which damaged the soil or the groundwater.

Land use and biodiversity

Our production facilities cover a total area of about 4,800 hectares, around 59 percent of which is covered by buildings, roads or parking areas. Because land is a limited public asset, we use these surfaces as efficiently as possible – for example, through multistory buildings and high-density construction. We also try to design outdoor areas at our plants to serve as a habitat for indigenous plants and animals. In this way we can help maintain a high level of biodiversity even among industrial buildings. For example, peregrine falcons have found a new home on chimneys at our Wörth and Sindelfingen plants. In cooperation with nature conservation organizations and public agencies, we are increasingly transforming open areas at our plants into species-rich meadows instead of lawns. Due to the way we use land and the fact that our plants are primarily located in industrial zones, we do not expect to negatively affect threatened species to any appreciable degree.

Nature conservation program at the Rastatt sub-plant: Online 407

Biodiversity indicator. We are currently testing the practical feasibility of a biodiversity indicator in order to make our progress in this area easier to measure. The indicator categorizes our company's horizontal and vertical areas according to their environmental value. This indicator will enable us to set quantitative targets so that we can specifically evaluate this aspect of the environment.

Use of resources and materials

As a company from an industrial sector that consumes large amounts of materials, we strive to plan raw material use carefully and employ finite resources as sparingly as possible. A large proportion of the materials used in our vehicles is obtained from suppliers in the form of components. Although the components' environmental impact does not directly affect our environmental performance as described in this report, it is taken into account in our holistic assessments of product development and material selection. The assessment method we use for our car series allows us to calculate the total amount of material needed during the production process and also incorporate waste flows. Due to the size and complexity of the Daimler Group, it is impossible to describe material flows in greater detail in the sustainability report. Detailed information about the individual model series can be found in the respective life cycle reports.

Product development and material selection: Page 70 f.

Vehicle environmental certificates: Online 408

Scarce resources. Some metals that are needed for the production of catalytic converters and are also increasingly required for batteries and electric drive systems are very scarce worldwide. We employ efficient technologies to reduce the use of such materials to a minimum. Another aim is to take the recycling of materials from end-of-life vehicles into account as early as in the product development stage. We particularly focus on developing all-new electric traction motors as well as high-voltage batteries for the electrification of the powertrain. Various research projects have been started in order to create circular systems over the long term. In addition, we develop remanufacturing technologies for replacing defective high-voltage battery components in our remanufacturing centers so that the batteries can be reused.

Suppliers

Our success as a globally operating company is based, among other factors, on our excellent cooperation with our suppliers. Daimler Procurement is responsible for a financial amount that is equivalent to nearly half of Daimler's annual revenue. That is why we consider it essential that the same standards regarding working conditions, human rights, environmental protection, and business ethics we apply in our own company are also transferred to our supply chain and are strictly observed by our suppliers. The implementation of uniform sustainability criteria and the use of effective monitoring instruments create major challenges in the worldwide value chain.

To enable us to live up to our responsibilities, we work together with our direct suppliers on the basis of the principles of fairness, reliability, and credibility. We require our suppliers to implement sustainability standards in their own supply chains. In order to ensure the high impact of our measures and use resources effectively, we strive to intensify our dialog with the suppliers at all our locations and to promote the supplier industry's local activities. For example, we organize supplier forums on a regular basis. In one of these forums, we met with business and political leaders at the Mercedes-Benz plant in East London, South Africa, in early February 2012. The main topic of the meeting was the question of how the local supplier industry can further improve its global competitiveness.

Organization. Procurement activities at Daimler AG are managed in the three departments Procurement Mercedes-Benz Cars and Vans, Procurement Daimler Trucks and Buses, and International Procurement Services – Non-Production Materials. The procurement departments employ around 2,000 men and women at 50 locations worldwide.

- The procurement directors sit in well-established committees, where they ensure that sustainability issues are networked across units and that procurement issues are uniformly communicated within and outside the company.
- The Corporate Procurement Compliance Board regularly updates the procurement strategy and uniform procurement standards at the operational level. The board consists of representatives of the three procurement units, the transportation logistics team, and the IT department. The members plan the use of sustainability instruments, address suspected violations, and decide on the appropriate measures to be implemented.

Training courses communicate sustainability standards

200

Our training courses for suppliers have proved to be a successful tool for communicating our sustainability standards. They are now standard procedure at Daimler. In 2011 and 2012, about 200 suppliers participated in training courses in Argentina, Mexico, Brazil, India, China, and Turkey.

Page 80

Procurement training programs. In Germany, all our new employees attend training courses on sustainability-related issues such as social standards, human rights, environmental protection, and business ethics. The programs are based on our Daimler Integrity Code, Daimler Corporate Social Responsibility Principles, and our Code of Ethics. Our employees also learn about the requirements stipulated for our business partners by the Sustainability Guidelines for Suppliers. In addition to offering training courses, we implement targeted information measures to assist local staff members at our facilities outside Germany as well as at our subsidiaries and joint venture partners.

Integrity and compliance: Page 56 ff.

Cooperation and standardization measures. We also promote the establishment of standards that extend beyond our company and apply to the entire industry. We are convinced that this increases the measures' effectiveness and enables our business partners as well as Daimler to use resources in a targeted manner. In order to contribute to the further development of sustainability issues along the supply chain, we are involved in a number of different associations, including econsense, the German Association Materials Management, Purchasing and Logistics (BME), and the Automotive Industry Action Group (AIAG). We also work together with experts from other automakers' procurement units to develop joint activities for implementing sustainability in the supply chain.

More information: www.aiag.org, www.econsense.de, www.bme.de

Conflict minerals

We are currently determining the requirements our company will have to meet in order to comply with Section 1502 of the Dodd-Frank Act, which stipulates that businesses certify the source of conflict minerals (tantalum, tin, tungsten, and gold).

- We engage in dialog with political decision-makers and take part in industry initiatives to find joint solutions.
- We also discuss strategies and measures for solutions in the Global Compact Lead Group's local network for Germany.
- In our business relations with our direct suppliers, we use our influence to forge ahead in this field.
- The "Daimler Sustainability Dialogue" 2012 included a session in which we met with NGOs and other external stakeholders to talk specifically about conflict minerals.

"Daimler Sustainability Dialogue": Page 54 f.

Sustainability requirements for our suppliers

Guidelines. We cultivate a consistent supplier management system that helps us penetrate new markets and establish new supplier relationships. In addition to quality, technology, costs, and reliability, the system takes account of innovation potential and sustainability concerns. These requirements are stipulated in the Sustainability Guidelines for Suppliers. Suppliers not only need to have an environmental management system that is certified according to ISO 14001, EMAS, or another, comparable standard, they also have to

- respect internationally recognized human rights and employee rights,
- ban the use of child labor and forced labor,
- adhere to legal regulations such as those concerning occupational safety and environmental protection, and
- comply with ethical business standards and promote ethical behavior.

The sustainability requirements are based on internationally recognized principles, including the Global Compact of the United Nations and the International Labor Standards of the ILO, and are a binding element of our contractual conditions. In 2012, the procurement units adjusted existing contracts to the sustainability requirements at all of our locations worldwide.

Our sustainability requirements: Online 501
Product responsibility: Page 66 ff.
Operations-related environmental protection: Page 74 ff.
Brochure: Ethical Business. Our Shared Responsibility: Online 502

Dialog and support. By signing the contracts, our suppliers pledge to meet the associated standards and criteria. In addition, they have to communicate the standards and criteria to their employees and incorporate them into their upstream value chains. We provide our suppliers with targeted information and training measures to help them perform these tasks. The Daimler Supplier Portal serves as the central information platform for this purpose.

In cooperation with other automakers and the US organization for standardization activities in the auto industry (Automotive Industry Action Group, AIAG), we hold training courses in selected countries. Through these courses, we aim to communicate our sustainability requirements and discuss their implementation with regard to specific local conditions. Sustainability criteria for the supply chain also play a major role in our dialog with stakeholders.

The Daimler Supplier Portal: daimler.covisint.com
More information about the „Daimler Sustainability Dialogue": Page 54 f.

Risk management and prevention

To ensure that our direct suppliers comply with the sustainability standards, we conduct a risk analysis of our suppliers according to country and product group. We have developed a number of measures that allow us to systematically identify potential risks in our supply chain. These measures include:

- Self-assessment questionnaires regarding compliance with sustainability standards
- Incorporation of a standard module for inquiring about sustainability standards in existing supplier assessments
- A concept for specific sustainability audits conducted by external auditors

With regard to Procurement Trucks & Buses, sustainability requirements are now regularly used when conducting on-site assessments in high-risk countries. For Mercedes-Benz Cars and Vans, a sustainability module will be used for assessing suppliers in the future.

Specific cases. We employ a well-established escalation process to deal with suppliers that have violated the applicable sustainability criteria or are suspected of doing so. At the beginning of this process, the supplier is asked to respond and to describe any measures that have been taken to remedy the situation. In extreme cases, the partnership is terminated. We cooperate closely with the employee representatives, especially in cases of suspected human rights violations.

Our customers

Our customers are on the road all over the world. They travel through cities and rural areas, and include young people, senior citizens, singles, parents with children, frequent business travelers, professional truck drivers, and cabbies. All of our customers benefit from our company's broad range of products, which includes everything from cars and buses to vans and trucks. Our product lineup encompasses numerous special customer solutions, including patrol cars, fire trucks, ambulances, and garbage trucks, as well as vehicle modifications for physically impaired people, for example.

Drive technologies: Page 66 f.
Fuel strategy: Page 67
Mobility concepts and services: Page 72
Stakeholder dialog: Page 54 ff.

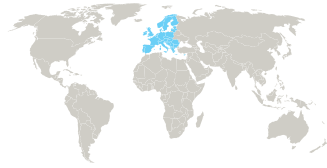
Committed to maintaining high standards. We want to meet our customers' expectations and even surpass them if we can. That applies to our products, our sales activities, and all associated services. That's why we let our customers know that we appreciate them and take their individual preferences into account. We also always make sure that our dealings with customers are fair, reliable, and transparent. To ensure this, we always act in conformity with our contracts and strictly adhere to laws and regulations such as those governing consumer protection. Maintaining our company's integrity is the ethical aim to which we commit ourselves.

Integrity and compliance: Page 56 ff.
Data and consumer protection: Page 59

Focusing on customer satisfaction. Our business units have set up quality management systems that enable them to create an effective customer relationship management (CRM) process. By means of this process the business units systematically evaluate and continuously improve their customer relations. Activities in this area are managed on the basis of performance indicators. Customer satisfaction is of paramount importance. We obtain the relevant data through online portals or with the help of focused group interviews and other forms of dialog, such as customer forums. In addition, we take the results of external comparative studies (e.g. J. D. Power reports) into account.

These sources of information let us know where we may have to adjust quality standards and processes in the areas of sales, service, and customer care. The business units develop strategies and programs that are tailored to these needs. One of these measures is Mercedes-Benz Cars' CSI No. 1 program, which aims to help the division achieve the best Customer Satisfaction Index (CSI) rating in the premium segment in all markets. Mercedes-Benz is already among the top three companies in this ranking in many markets. In 2012 the Trucks division also introduced the CSI No. 1 program.

Serving customers around the clock



600

Around 600 employees at the Mercedes-Benz Customer Assistance Center (CAC) in Maastricht address customer needs.

The launch of CSI No. 1 was accompanied by various measures related to communication, employee qualification, and process optimization. Another initiative for achieving top customer satisfaction values is the FUSO 2015 program from Mitsubishi Fuso Truck and Bus Corporation (MFTBC).

Awards and honors: Online 601

Training programs. Our employees in the workshops and the sales and customer service departments are of crucial importance for ensuring good customer relations. These employees regularly take part in training courses and continuing education programs that address issues such as conflict management, negotiation techniques, and technological know-how. In addition, all of the employees have to attend compliance courses.

Compliance: Page 57 f.

Customer service and workshops

The people who buy our vehicles receive products of outstanding quality, and they want to receive great service during the period of use. In addition, they wish to stay in close contact with the customer service department, receive individualized advice, have warranty and damage claims processed effectively, obtain first-rate maintenance, and be able to rely on a top-quality parts supply system.

The **Mercedes-Benz Customer Assistance Center** (CAC) in Maastricht is the central point of contact for customer concerns and complaints regarding sales, service, and technology issues in Western Europe. At the CAC, approximately 600 employees ensure that customers receive quick, individualized assistance in their native languages around the clock. We also maintain local assistance centers in other core markets. One of the CAC's key tasks is to coordinate Mercedes-Benz Service 24h, which also includes the organization of breakdown assistance. If necessary, the center also tells customers how repairs or processes are coming along. This is an especially important benefit for commercial customers. The after-sales activities extend beyond the workshop business and are rounded out by service contracts, warranty extensions, and auto insurance.

The **OMNIplus** brand of Daimler's EvoBus subsidiary operates a comprehensive Europe-wide service network that encompasses more than 600 service centers for bus customers. In addition to operating a professional parts supply system, the centers offer customers service deals and contracts, driver and workshop training programs, various pre-owned vehicles, and customized financial services. In mid-2012 OMNIplus introduced a new customer complaint management (CCM) system, which combines all of the customer service department's complaint processing channels into a single unit that also enables the company to draw conclusions about the complaint process.

In the commercial vehicle sector, our customers are served around the clock by the **Fuso call center that was set up by the Mitsubishi Fuso Truck and Bus Corporation** in 2010. Service is also improved at Fuso by the Vehicle Delivery Management (VDM) system that was introduced last year. The system enables vehicles with a two-month production time to be delivered up to two weeks earlier. And because MFTBC vehicles can be configured directly at the dealerships, sales staff can notify customers of the scheduled delivery date when the orders are placed.

Daimler Trucks North America's (DTNA) Customer Assistance Center can also be contacted 24 hours a day. Technical support, breakdown assistance, and towing services are available throughout North America. The Freightliner and Western Star brands provide their customers with a comprehensive service network that encompasses more than 800 dealerships, distributors, and workshops in the USA and Canada. The quick delivery of parts is ensured by DTNA's comprehensive distribution network, which stocks more than 200,000 categories of spare parts at seven strategic locations. The network also serves customers of DTNA's subsidiary Thomas Built Buses (TBB).

Information and advertising

All advertising, sales promotion, and sponsorship campaigns are subject to an in-house check to ensure that they comply with the applicable laws as well as with Daimler's standards and codes of behavior. We also adhere to industry principles such as the European advertising sector's Code of Ethics. We do not use violent, discriminatory, sexual, or religious motifs in our advertising. Respect for foreign cultural norms and religious beliefs is a particularly important concern in our international campaigns.

Sustainability issues are increasingly being taken into account in brand and product communications. For example, Mercedes-Benz' BlueEFFICIENCY systems encompass a broad range of innovative technologies that lead to a marked decrease in fuel consumption and emissions. Sustainable mobility is also becoming an increasingly prominent focus at auto shows. For example, the SLS Electric Drive and the B-Class Electric Drive were among the product highlights at the Paris Motor Show in September 2012. Our campaign for public-sector buyers particularly focused on the smart fortwo electric drive in 2012.

Product information. 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 includes interactive operating instructions and in-depth service information for our customers. The Mercedes-Benz Service app, which includes numerous features for mobile use, can also be downloaded at the website. The Guideline for Rescue Services is also available online; this provides instructions for quickly freeing accident victims from Mercedes-Benz vehicles.

Environmental and safety training programs: Online 602
Guideline for Rescue Services: Online 603
Interactive operating instructions: Online 604

Offers for special target groups

It's particularly important that vehicles enable **physically handicapped people** to be easily and independently mobile. To ensure that this is the case, we offer a broad range of products and services especially for this target group. For handicapped drivers, we offer steering and handling aids such as hand operating equipment for brakes and accelerators, as well as pedal extensions and relocations. Handicapped passengers benefit from easy entry systems such as platform lifts for cars and buses as well as extendable power ramps for minibuses. Mercedes-Benz currently operates 22 More Mobility Centers, at which specially trained sales staff will gladly advise and assist customers. We are continuously expanding this network of service centers.

Mercedes-Benz' **factory-installed adaptive equipment** program is now available in Germany, Austria, Switzerland, and Luxembourg, and will be gradually expanded to include additional countries. The product range is continuously being expanded and optimized with new adaptive equipment, and the program is also being extended to include additional vehicle models. In Germany, Mercedes-Benz also offers handicapped people special terms for almost all of the brand's car models.

www.mercedes-benz.de/fahrhilfen

Mobility for senior citizens. In 2012 Mercedes-Benz developed the Educated Comfort demonstration vehicle, which is especially adapted to the needs of older drivers. In addition to making entry and exit easier, the developers improved vehicle loading. In the next step, a small batch of vehicles will be produced for sale on the market.

Dialog. To better understand the needs of physically handicapped people, we regularly discuss this issue with individuals who have first-hand experience. For example, we attend the REHACARE trade show every two years and involve physically handicapped employees in our work. Among other things, this approach has enabled us to develop a new kind of entry protection system for wheelchair users.

Mobility guidebook for handicapped people: Online 605

Social commitment

The content and focus of our activities is based mainly on extensive discussions with municipalities and local institutions. In 2012 we provided a total of €58 million of funding for non-profit organizations and socially beneficial projects around the world.

Forms of support and focal topics. We provide support in the form of donations, sponsorships, corporate volunteering, funding through foundations, and projects that we ourselves have initiated. Our support focuses on areas connected to our role as a good corporate citizen. These activities enable us to put our special skills and key expertise as an automaker to good use in the communities in which we do business. The activities focus on a variety of areas, including

- Science, technology, and the environment
- Art and culture
- Education
- Charitable projects/community projects
- Political dialog

In addition, we take part in a variety of traffic safety initiatives.

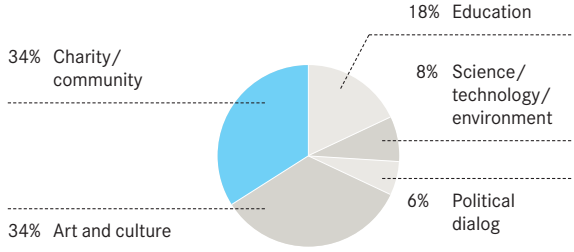
Traffic safety initiative for children: www.mobilekids.net

Traffic safety initiative for teenagers: www.mbdrivingacademy.com

Guidelines. Due to the worldwide scope of our activities, selecting and organizing social responsibility initiatives requires a high level of transparency and in-depth knowledge of local conditions. In a further step toward achieving these goals, we consolidated our donation and sponsorship guidelines in the year under review and instituted more stringent selection criteria. The guidelines create a mandatory system for regulating the entire support process at Daimler and all of its companies worldwide. They ensure that our support is provided in accordance with verifiable criteria and that it meets legal requirements and ethical standards. To ensure transparent structures and clear areas of responsibility, we have also developed Group-wide guidelines for donations and sponsorships.

Monitoring and control. The Donations and Sponsorship Committee coordinates and manages the strategic focus of our funding activities. The committee cooperates very closely with the Board of Management and the various sales and production locations around the world in order to define our areas of activity in line with country and regional policies. It decides on all of our major projects and funding activities while ensuring maximum transparency. All of the Group's donations and sponsorships are recorded in a database to ensure that the activities can be monitored systematically. The projects are recorded and assessed with the help of periodic reports and analyses.

Donations and sponsorship in 2012



Donations and sponsorship

€58 million

In 2012 we provided nonprofit organizations and socially beneficial projects all over the world with financial support totaling €58 million in the form of donations, sponsorships, corporate volunteering, funding through foundations, and projects that we ourselves had initiated. We are committed to a broad spectrum of socially responsible activities. In particular, we strive to fulfill our responsibility as a globally operating automaker and a good neighbor in our production locations.

We use a broad range of communication measures in order to boost employee awareness of all our activities. Awareness is further heightened by in-house campaigns and projects.

We provide donations to political parties strictly in accordance with the applicable laws. Our in-house guidelines require the Board of Management to approve all donations to political parties. In 2012 we only made such donations in Germany, where we provided democratic parties with a total of €435,000 of support, the same amount as in 2011. The CDU and the SPD each received €150,000; the FDP, the CSU, and the Green party each received €45,000.

Funding through foundations

Since international knowledge sharing and innovation support are the driving forces of sustainable development, we are helping universities, research institutes, and interdisciplinary knowledge projects throughout the world to investigate the interrelationships between human beings, technology, and the environment. The associated measures are consolidated in foundations, which also focus on promoting sports activities.

As a promoter of the knowledge society, the **Daimler and Benz Foundation** has an endowment of €125 million. It funds research projects in the areas of environmental protection and technological safety, as well as a mobility think tank that investigates the consequences and socially relevant aspects of autonomously operating vehicles.

In the framework of the Founders' Association for German Science, the **Daimler Foundation** is, among other things, involved in selecting the winners of the German Future Prize for Technology and Innovation. The annual prize is presented by the President of Germany and is one of the country's leading scientific awards. The Daimler Foundation also endows professorships.

Mercedes-Benz is a global partner of the **Laureus Sport for Good Foundation**, which uses sports to promote social change. The organization's sponsor is Nelson Mandela. The foundation has collected more than €40 million since its inception and currently supports around 90 socially beneficial sports projects for helping disadvantaged children and teenagers around the world.

As a long-time national sponsor of the **Stiftung Deutsche Sporthilfe**, we have been promoting not only high-performance sports in almost all Olympic disciplines in Germany, but also sports activities for deaf and disabled athletes.

www.daimler-benz-stiftung.de
www.stifterverband.org
www.laureus.de

Sports for a better world

>€40 million

The Laureus Sport for Good Foundation has already collected over €40 million. Approximately 90 socially beneficial sports projects all over the world are currently being funded. As a global partner of the foundation, Mercedes-Benz supports its mission to use sports in order to bring about social change.

Art and culture

As a promoter of creative change, we assign a high priority to sponsoring art and culture. For example, through our partnership with the **Staatsgalerie Stuttgart**, we are supporting culture in the city and providing educational services that were used by 3,000 local employees and their families in 2012. Last year we also intensified our partnerships with leading art institutions and events, such as the **Art Beijing** trade show in China, the **Villa Romana** artists' residence in Italy, and the presentation of the **Emerging Artist Award** in cooperation with the renowned Cranbook Academy in the USA. In the field of music we are, among other things, supporting Germany's **National Youth Orchestra**.

Traffic safety

In 2001 Daimler developed the international **MobileKids** initiative in cooperation with traffic experts. MobileKids employs a holistic approach and provides children and adults with in-depth information, high-quality instruction materials, and useful Internet applications.

Since its inception, the initiative has taught more than 1.3 million children worldwide how to behave in road traffic. This year, instruction was provided for the first time in China, Hungary, and Mexico. In Germany, we cooperate with partners to organize the MobileKids School Days competition at elementary schools nationwide. Since October, we have also been offering the MobileKids Safety Map app for displaying safe and unsafe traffic areas on the interactive MobileKids Safety Map.

www.mobilekids.net

Education

Improving access to education is one of the most long-lasting investments for society and our company. That is why we are organizing numerous projects for promoting equal opportunity among young people worldwide in order to help tomorrow's skilled employees.

The most prominent example of this is our **Genius education initiative**, which combines a variety of educational projects for children and teenagers concerning future technologies, mobility, and environmental issues. The projects feature age-appropriate programs and workshops offered free of charge in order to promote practical and playful learning. In cooperation with the Klett MINT schoolbook publishing company, we have also developed appropriate instruction materials for scientific and technological subjects.
www.genius-community.com

With the support of the **Big Brothers Big Sisters** initiative in Germany, we are also helping to expand mentoring activities for children and teenagers between the ages of six and 16 from socially disadvantaged environments. The mentors provide the young people with help, encouragement, and new perspectives on the various situations they face in their lives.
www.bbbsd.org

Our international projects for promoting educational equality include the **Each Girl is a Star** program for helping young women pursue technology-focused careers in Turkey.

Charitable projects

As a result of our global presence, we believe that it is our mission to support aid projects for improving the communities in which we do business. In addition to offering effective disaster relief when needed, we have initiated a number of projects for providing long-term help that enables people to help themselves. The projects aim to open up new prospects and opportunities to disadvantaged individuals. Through its **SEED** (Sustainability Education Empowerment Development) program, Daimler Financial Services has, for example, been assisting slum inhabitants and street children in Chennai, India, since 2011.

Other initiatives include the **micro-credit program** for needy women in Ethiopia, which we developed in cooperation with the Menschen für Menschen foundation, and our global partnership with the **SOS Children's Villages** organization.

We also support the work of the German chapter of **Doctors of the World**, which organizes more than 350 national and international healthcare programs in almost 80 countries.

As part of our national sponsorship program, we also donated money last year to charitable initiatives that focus on helping families and children in Germany. Among them is the **brotZeit** project, which takes a unique approach to combining programs for active senior citizens with the care of socially disadvantaged children. The project is incorporated into the overall schooling concept. Needy children are served a free, balanced breakfast, and senior citizen volunteers provide slow learners with individualized support in order to reduce the faculty's workload.
www.brotzeitfuerkinder.com

Corporate volunteering

In 2012 we further expanded our **ProCent** initiative, in which Daimler employees voluntarily donate the cent amounts of their net salaries to nonprofit organizations. Every donated cent is matched by the company. The donations are collected in a special fund and are used to support environmentally and socially beneficial projects in Germany and around the world that are recommended by the company's employees.

In 2012 we selected 117 projects to support from more than 300 submitted proposals. We funded these projects with a total of €725,000. In addition to projects assisting children and adolescents, ProCent promoted charitable projects and activities helping handicapped people as well as a project for animal protection. ProCent also supports projects all over the world, for example in Romania, Nepal, Iraq, India, Brazil, South Africa, Tanzania, Ghana, Uganda, Kenya, and Sierra Leone.
ProCent annual review: Online 701

Approximately 250 employees from Human Resources showed particularly great dedication when they worked over a six-month period to modify a G-Class all-terrain vehicle and its trailer in order to meet the special requirements found along the Chilean-Bolivian border. The vehicle is used by the Caritas International aid organization to respond to disasters and provide emergency relief.

At the international level, employees from Daimler Financial Services contribute a day of work to support the company's socially and environmentally beneficial projects on the **Day of Caring**. During this event, the employees help to build schools, erect buildings, and renovate social welfare facilities. In 2012 the Day of Caring was held in 18 countries worldwide.

Results and targets

Our Sustainability Program 2010-2020.

Sustainability is a key criterion for our business activities and as such is firmly embedded in our strategic target system. We regularly compare our business targets with our stakeholders' expectations. The results serve as the basis for prioritizing the sustainability-related issues that are of greatest importance to us. The conclusions we have reached are depicted in our materiality matrix for 2012–2013. The sustainability-related issues are used to derive the concrete targets that can be used to measure our success.

Materiality matrix: Page 12 f.

We have depicted the entire Sustainability Program 2010-2020 (including all of its targets) in our printed report. However, the program is not static. Just as we continuously have to adapt to new market conditions in a dynamic competitive environment, the demands expressed by our stakeholders are also changing. Our Sustainability Program 2010-2020 therefore indicates the key target horizons of our sustainability efforts in the years ahead, while including enough flexibility to enable us to react to new challenges at short notice.

The complete program (including all of its measures) can be downloaded at the following site: Online 800

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Sustainability management and integrity				
Sustainability competence team				
Top target **Creation of an organizational unit** for Group-wide sustainability management at Daimler.	**Embedded in management processes.** – Appointment of a **top manager for the coordination of sustainability management activities.**	2012	Target achieved	53
Stakeholders				
Stakeholder management and dialog. Expanded (public) approach to the identification of stakeholders and material issues (materiality matrix) and to our handling of these issues.	**Stakeholder-based method.** – Development of a separate **set of methods for the identification and involvement of** relevant stakeholders. – **New, transparent method** for drawing up the **Daimler materiality matrix**. – Definition of the key issues with the help of an **open stakeholder survey.** – **Evaluation** and **publication of** the results.	2013	Partial target achieved	12 f., 54
Stakeholder dialog. Internationalization of the dialog with stakeholders.	**Dialog on three continents.** – **In 2012 the „Daimler Sustainability Dialogue"** was held for the fifth time in **Stuttgart,** for the second time in **Washington**, and for the third time in **China.**	2014	Partial target achieved	54 f.

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Sustainability strategy				
Strategy process. Implementation of the sustainability strategy developed in 2011, including the use of appropriate management tools.	**Strategy implementation.** - Introduction of the new dimension "Ethical Responsibility" with appropriate implementation. - Precise definition/further development of the sustainability program targets. - Monitoring the state of implementation with a new electronic management tool (Scorecard).	2012	Target achieved	52 f.
Raising employee awareness. Strengthening employee awareness of, and knowledge about, the Group's sustainability targets and activities.	**Broad range of communication activities.** - Systematic **communication of sustainability issues** in Daimler's in-house media. - Six **Daimler EXECUTIVE Series – green** events in 2011. - **Intensification of executive communication measures** (Level 5 to Level 1) concerning the sustainability strategy and sustainability management; to be conducted through separate executive media.	2012	Target achieved	
Sustainability management				
Top target **Incentive systems.** Expansion of the remuneration parameters for Daimler Board of Management members through the addition of the non-financial themes "Integrity and the UN Global Compact."	**Target achieved.** - We achieved the non-financial targets for 2012. - New targets were set for 2013. They pertain to employees, customers, and integrity.	2012	Target achieved	53
Integrity and compliance				
Compliance training. Further development and organization of Group-wide training programs for managers and employees. Inclusion of external business partners.	**Risk-oriented training.** - **Risk-based focus** on selected target groups (classroom and Web-based training).	2013	Partial target achieved	58
Raising awareness. Revision of the Integrity Code and sustained increase in the staff's knowledge of our values and principles.	**Clear guidelines.** - Revision of the Integrity Code and formulation of key principles of behavior at the company in the new **Integrity Code**; effective throughout the Group as of November 1, 2012. - Implementation of **accompanying communication measures**, including worldwide consultation.	2013	Partial target achieved	35, 57
Raising awareness. Organization of a company-wide Integrity Dialog.	**Discussions of integrity throughout the company and across all levels of the hierarchy.** - The majority of the workforce was reached through **various forms of dialog**, including events, intranet/blog, and the Integrity Truck Tour. - **The results** of the Integrity Dialog were **incorporated into the new Integrity Code.**	2013	Target achieved	37 f., 57

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Whistleblower system. Continuous improvement of the whistleblower system and Group-wide expansion of the service spectrum of the Business Practices Office (BPO). Appointment of a neutral intermediary for Germany.	**Thorough reworking of the BPO whistleblower system.** – Conclusion of a **Group Works Agreement**. – **Improving** the protection of whistleblowers and other persons involved, as well as the **transparency** of the process and of the **access channels** – e.g. appointing a neutral intermediary for Germany and establishing worldwide toll-free hotlines. – Measures to provide information about the BPO whistleblower system in Germany.	2013		58 f.
Compliance management system. Continuous improvement of the Compliance Management System (CMS).	**Optimization** – **Redefinition of the CMS** in line with national and international standards while taking into account best practices.	2013		57 f.
Business partners. Ongoing optimization of the Group-wide integrity management of the business partners that operate on behalf of Daimler.	**Process introduced.** – **Introduction** and continuing optimization of a uniform, systematic, IT-supported process. – Clear definition of the **tasks, powers, and responsibilities** in the divisions and business units. – Implementation of the accompanying **training programs.**	2013		56, 80
Business partners. Production and distribution of a "Business Partner Brochure."	**Expectations formulated.** – Publication of the brochure **Ethical Business. Our Shared Responsibility** based on the principles of the UN Global Compact. – The brochure was sent to over **63,000 external partners worldwide** (suppliers, joint venture partners, dealers, marketing and sponsorship partners).	2012		57
Communication. Worldwide internal communication campaign "fairplay" on integrity-related issues.	**Worldwide campaign.** – The fairplay campaign has been running in 19 languages and more than 40 countries since 2011, with communication to all employees. – The campaign **continues with additional topics.**	2013		57
Sustainability focus. Creation of an Advisory Board for Integrity and Corporate Responsibility.	**Integrity process.** – The first meeting of the **Advisory Board for Integrity and Corporate Responsibility** took place on September 25, 2012. – The members are independent of Daimler. – The board has **an advisory role.**	2012		38
Sustainability focus. Further development and revision of questions concerning integrity and compliance in the employee survey.	**Questionnaire adapted.** – The 2012 employee survey incorporated reworked questions about compliance and **new questions regarding integrity.**	2012		

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Human rights				
Top target **Risk management** Worldwide expansion of human rights risk management in 18 countries with Daimler production locations in line with UN requirements so that possible human rights violations can be detected early on.	**Human Rights Compliance Assessment.** – Development of an **overall concept and implementation** of the assessment in Germany, Mexico, and Egypt. – **Creation** of central and local **lines of responsibility.**	2015		58 f.
Data protection				
Employee data. Make all managers (Levels 5 to 2) in Germany aware of data protection issues related to the handling of health data by 2012.	**Communication and training programs.** – Creation of a **manager brochure.** – Publication in October. – Continued **classroom instruction.**	2012		59
Raising awareness. Development of a Group-wide awareness concept by 2015.	**Development of concept completed.** – Development of **training standards.** – **fairplay campaign** on topic of data protection. – **Distribution** of the international **data protection brochure.**	2015		59
Employees				
Employer attractiveness				
Employee commitment. Increasing employee satisfaction and identification with the company through measures implemented in response to periodic employee surveys.	**High degree of satisfaction and participation.** – Increase in the **"Employee Commitment Index"** to 66 points in 2012. – **High level of participation** in the Group-wide employee survey (2012: 77 percent).	2014		62
HR marketing. Strengthening our position as an attractive employer by focusing our HR marketing on the strategic future-oriented fields of "green recruiting" and "emerging markets."	**Green recruiting.** – Implementing our **employer branding with a focus on "green" topics.** – **Extension** into additional markets. – Implementation of **recruiting and image events** with a **"green"** focus.	2012		64
HR marketing. Strengthening our position as an attractive employer by focusing our HR marketing.	**Employer attractiveness.** – Continuous positioning of the Group and the product brands as **employers of choice** in the relevant production and sales markets. – Focus target groups: all relevant trainee groups.	2020		62, 64

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Remuneration				
Transparent and competitive management remuneration. Implementation of a globally uniform variable and transparent remuneration policy that focuses on performance-based elements oriented toward the medium and long terms.	**Standardization.** – Introduction of the **global remuneration policy**. – Standardization of the basic criteria for determining **benefits.**	2012	Target achieved	61
Diversity and equal opportunity				
Top target **Strategic diversity target.** Daimler aims to remain one of the leading German automakers in terms of diversity management. The promotion of diversity in human resources processes and the corporate culture will therefore be continued.	**Core element of HR processes.** – Embedding diversity-related issues as **evaluation criteria in assessments of performance and potential.** – Embedding diversity targets in the **target agreements with executives.**	2020	Partial target achieved	63
Increasing the share of women in the workforce. – to 20 percent in executive positions worldwide at the Group (by 2020); – to between 14 and 18 percent at management Level 4 at Daimler AG (by 2015); – to 40 percent for CAReer hirings at the Daimler Group (by 2015); and – to between 12.5 percent and 15 percent in the Daimler AG workforce, to between 22 percent and 26 percent for trainees, and to between 13 percent and 16 percent for employees in commercial/technical apprenticeships (by 2015).	**Increasing the share of women at all levels.** – **11.9 percent** share of women **in executive positions** worldwide at the Daimler Group (2011: 10.7 percent); – **14.2 percent** share of women in **mid-level management** (Level 4) at Daimler AG (2011: 12.9 percent); – **33 percent** share of women among **CAReer hirings;** – **14.4 percent** share of women in the Daimler AG **workforce** (2011: 13.9 percent); – **20.6 percent share of female trainees** in total (2011: 20.4 percent); – **11.5 percent** share of **commercial/technical apprenticeships** at Daimler AG (2011: 11.3 percent). (Status: Dec. 31, 2012).	2020 2015 2015 2015	Partial target achieved	63 63 63 31 ff., 63
Top target **Generation management.** Establish a generation management system. Greater consideration of demographic issues in our corporate culture and leadership processes.	**Management approach developed.** – **HR Resource Management rollout** in Sindelfingen and Rastatt; – Workshops on generational diversity; – **Seven areas of activity** identified.	2020	Partial target achieved	31 ff., 63
Increasing the international make-up of management personnel. Maintenance of at least the current proportion of non-German senior managers and promotion of intercultural skills among all managers.	**Intercultural diversity enhanced.** – Share of **non-Germans in executive positions** in 2012: approximately 31 percent (2011: approximately 30 percent).	2015	Partial target achieved	64

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Employee development and support				
Securing highly qualified talent. Safeguarding the recruitment, promotion, and training of talented individuals with an academic background.	**Recruitment and qualification of talent.** – Hiring of approximately **400 college graduates and young professionals worldwide through the CAReer trainee program.** – **260 students** enrolled at the Cooperative State University in Baden-Württemberg. – **90 active employees** are enrolled in a parallel program of study as part of the Daimler Academic Program.	2020		64
Green HR strategy. Ensuring that the Group has a workforce, in terms of both quality and quantity, that can meet the requirements of new technologies and services.	**Strategic initiatives launched.** – New technologies and support for products and services. – Overall focus expanded, new targets set. – **Conclusion of the "ELAB — Electric mobility and employment" study,** which was carried out jointly with the Fraunhofer IAO.	2020		60, 64
Needs-based professional training in Germany and abroad.	**Needs-based planning.** – **Adjustment of trainee numbers and the portfolio of professions** in Germany to match requirements. – Launch of **training facilities abroad** (for example Kecskemét).	2015		64
Occupational health and safety				
Life balance. Permanently reconciling the needs of employees' private and professional lives and embedding these practices in the Daimler corporate culture.	**Guidelines and communication.** – **Guidelines** for sensitizing executives to the need for a successful work-life balance; – **Life balance seminars;** – Business unit events and counseling offers; – **Life balance portfolio with a great deal of information available** in the intranet; – **Internal communication campaign;** – A future forum, "**Establishing the life balance in the corporate culture**," November 2012.	2013		62
Embedding ergonomics-related activities into planning and production processes.	**Ergonomics as a process-related task.** – **Systematic consideration of ergonomics** when planning new vehicle models at Mercedes-Benz Cars and Daimler Trucks. – **More ergonomics experts** at work. – Optimized two-stage **training of ergonomics officers** (ergonomics consulting and evaluation) in the divisions Mercedes-Benz Cars, Daimler Trucks, and Vans.	2015		65

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Employment				
Safeguarding jobs by safeguarding the future. Increasing flexibility in order to improve our options for reacting to changing conditions.	**More flexible assignments.** – **"Safeguarding the Future" program** at Daimler successfully concluded.	2012	Target achieved	60
Enhancing HR flexibility in line with HR requirements.	**Needs-based assignments.** – **HR flexibility study** carried out and concluded.	2015	Partial target achieved	60

Product responsibility

Fuel consumption and CO_2 emissions

	Target	Achievements	Target horizon	Current situation	Page
Top target	**CO_2 emissions from cars.** - Reduction of the CO_2 emissions (based on the NEDC) of the new-vehicle fleet in Europe to around 140 g CO_2/km by 2012. This corresponds to an approximately 21 percent reduction of CO_2 emissions over the period from 2007 to 2012. - Reduction to 125 g CO_2/km by 2016. This corresponds to an approximately 30 percent reduction of CO_2 emissions over the period from 2007 to 2016). - We will make further substantial reductions in CO_2 emissions by 2020. However, we will not be able to set concrete targets for this period until the unresolved regulatory and political issues (e.g. the framework conditions for e-mobility and the test cycle) have been clarified.	**Interim target for 2012 achieved — Reduction by over 6 percent relative to the previous year** – **140 g CO_2/km for the Mercedes-Benz Cars fleet** (average overall fleet emissions in Europe in 2012). – **Fuel consumption was reduced by up to 24 percent** thanks to the new BlueDIRECT V6 and V8 engines, the ECO Start-Stop function, and the enhanced 7G-TRONIC PLUS automatic transmission. – The new M-Class' entire model lineup consumes **25 percent less fuel** on average than its predecessor. – Introduction of the **smart electric drive** and the **E 300 BlueTEC HYBRID** in 2012.	2016	Partial target achieved	68
	CO_2 emissions of light commercial vehicles. Reduction of the CO_2 emissions of the new-vehicle fleet in Europe by over 10 percent by 2014 compared to 2010.	**Reduction by 4 percent since 2010** – **Overall fleet average of 222 g CO_2/km** for the Mercedes-Benz fleet of light commercial vehicles in Europe in 2012). – **Market launch of the Mercedes-Benz Citan** with a BlueEFFICIENCY package (standard for all models equipped with gasoline engines, optional for diesel vehicles).	2014	Partial target achieved	68

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Top target **Reducing heavy-duty commercial vehicles' fuel consumption in Europe.** Reducing the fuel consumption of N3 trucks (in L/tkm) in Europe by an average 20 percent by 2020 compared to the base year 2005 (Euro III).	**Approximately 6 percent lower fuel consumption by long–haul trucks in comparison to 2005.**	2020		68
Top target **Reducing the fuel consumption of heavy-duty commercial vehicles in the NAFTA region.** Reducing the fuel consumption of the Cascadia truck by more than 20 percent by 2015 compared to the base year 2007.	**Reducing fuel consumption; GHG14 certificate.** – **Approximately 6 percent reduction of the fuel consumption** of the long haul Cascadia truck. – **Certification** of DTNA's complete range of on-highway, vocational, and medium-duty trucks of the Freightliner and Western Star brands according to the EPA's **Greenhouse Gas 2014 standard** (GHG14).	2015		69
Pollutant emissions				
Top target **Early compliance with Euro 6.** Early compliance with the Euro 6 standard for cars by 50 percent of all new Mercedes-Benz and smart vehicles in Europe by the end of 2014.	**More Euro 6 cars.** – The Euro 6 standard was satisfied by 9 percent of the Mercedes-Benz cars sold in Europe in 2012.	2014		39 ff., 69
Reduction of the pollutant emissions of light commercial vehicles. - Introduction of Enhanced Environmentally Friendly Vehicle (EEV) engines (parallel to Euro 5) in all van production series by the end of 2013. - Introduction of Euro VI, Group I for N1 vehicles starting with the successors of the Vito/Viano if there is sufficient market demand.	**EEV for all diesel engines.** – All diesel engines have also been offered as EEV versions since 2012.	2013		39 ff.
Top target **Euro VI for heavy-duty commercial vehicles.** Euro VI type approval for 30 percent of Daimler commercial vehicles (buses, trucks, and semitrailer rigs) in Europe by 2013 if this plan is supported by political decision-makers.	**Euro VI type approval for almost 40 percent** of Daimler commercial vehicles by the end of 2012 (the offer applied to all Mercedes-Benz trucks of the new Actros and Antos model series for long-haul and heavy-duty distribution transport, the Setra ComfortClass touring coach, the Mercedes-Benz Travego and the Mercedes-Benz Citaro regular-service bus).	2013		39 ff.

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Environmentally responsible product development				
Conservation of resources. A 25 percent increase by 2015 of the total volume of parts and components in each Mercedes-Benz car series for which the use of renewable raw materials and recycled materials is approved – with 2010 as the base year.	**Greater use of recycled materials and renewable raw materials.** – **A 28 percent** increase in the share of **recycled plastics** used and **a 19 percent** increase in the share of **renewable raw materials** used (based on a reference fleet), as compared to 2010.	2015		70 f.
Mobility concepts				
Top target **Increasing the utilization of car2go.** Tenfold increase by 2015 in the number of trips taken and the number of active users, as compared to 2011.	**Expansion of car2go.** – car2go is offered **in 18 cities** worldwide (+11 cities compared to 2011). – The **number of users** has risen **fourfold** since 2011 (2012: 260,000 registered users). – **More than five million rental transactions have been completed in total** (+4 million compared to 2011).	2015		18 ff., 72
Infrastructure. Promoting the creation of a hydrogen infrastructure. Implementing pilot projects for the construction and commissioning of 20 hydrogen filling stations in Germany to supply fuel cell vehicles with hydrogen from renewable sources.	**Pilot project for 20 hydrogen filling stations.** – **Cooperation agreement** signed with Linde. – **Locations found and selected**; – **Memorandums of understanding** signed with the operators of the H_2 filling station locations. – Agreement reached to supply **sustainably produced hydrogen** to the new H_2 filling stations.	2014		67
Infrastructure. Power from renewable sources for battery-operated electric vehicles. Proof of feasibility of "0 grams of CO_2 well-to-wheel" mobility; raising awareness of the importance of recharging electric vehicles with energy produced exclusively from renewable sources.	**Wind power for the electric smart.** – Purchase of a wind power facility for generating green electricity for each new electrically powered smart registered in Germany. The facility does not receive any subsidies through Germany's Renewable Energies Act. – Ensuring CO_2-neutral mobility with electric vehicles.	2012		66
Vehicle safety				
Top target **Passenger car safety.** – Achieving a five-star rating in the Euro NCAP crash test for new model series, with the requirements raised starting in 2012, 2013, 2014, and 2015. – Being the Top Safety Pick in the IIHS crash test ratings for the Small Overlap Crash beginning in 2012.	**Interim target for 2012 achieved.** – **Five-star** Euro NCAP rating for the **new A-Class.** – Euro NCAP Awards presented for the PRESAFE®, Collision Prevention Assist, and Attention Assist systems. – The U.S. rating institute IIHS chose the **C- and E-Class sedans,** the **GLK,** the **M-Class,** and the **E-Class coupe as Top Safety Picks**.	2015		72 f.

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Assistance systems for heavy-duty commercial vehicles. Successive increase of the proportion of heavy-duty commercial vehicles equipped with assistance systems. For example, in 2009 approximately 10 percent of vehicles were equipped with Active Brake Assist; we would like to double that figure by October 2015.	**Increased share of vehicles equipped.** – **30 percent** of long-haul trucks delivered in Europe were fitted with **Active Brake Assist.**	2015		73

Operations-related environmental protection

Climate protection in production operations

Continuous reduction of specific CO_2 emissions from production operations, to result in 20 percent lower emissions in 2015 as compared to 2007.	**Reduction of specific CO_2 emissions from 2007 levels:** – Daimler Buses **-15 percent;** – Mercedes-Benz Cars **-28 percent;** – Mercedes-Benz Vans **-10 percent;** – Daimler Trucks **-4 percent.** (Comparison with reference year 2007 without Atlantis Foundry).	2015		74 ff.
Determination of an absolute CO_2 reduction target for European plants in the year 2020.	**CO_2 reduction target was derived (see following target); target was achieved.**	2012		74 ff.
Top target **Absolute CO_2 emissions in European production plants to be reduced** by 20 percent from early 1990s levels by 2020 (the period stipulated by the EU climate targets), despite an expected substantial increase in production volume. As a result, specific CO_2 emissions at European manufacturing facilities will decrease by two thirds. Similar CO_2 reduction technologies are being used at our plants outside of Europe.	**Approximately 6 percent absolute reduction achieved by 2012.**	2020		74 ff.

Environmental performance indicators

Development by 2013 of a comprehensive system for using environmental performance indicators to formulate targets and monitor target achievement across all locations.	**Pilot project continued.** – **Incorporation of plants in the USA** into the pilot process; – Specification of requirements for a **supportive IT tool.**	2013		

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Supplier self-assessment. Monitoring the implementation of Daimler's sustainability requirements at suppliers with the help of information from the suppliers.	**Target achieved.** – Questionnaire for supplier self-assessment is **integrated into the standard process;** – **Continuous use** for **special product and service groups** and in **selected countries.**	2012		80
Contractual stipulations. Embedding the Daimler Sustainability Guideline in binding contractual stipulations.	**Target achieved.** – **Adaptation of** the **contractual stipulations** was concluded **worldwide.**	2013		80
Procurement training programs. Sustainability standards training for Procurement employees.	**Work has started on the creation of an online training tool.**	2013		79
Maintaining Mercedes-Benz' status as the brand with the highest level of customer satisfaction in the premium segment.	**Top performance in customer satisfaction.** – Mercedes-Benz once again achieved top marks **in various comparative surveys and studies of premium brands** in 2012.	2020		81
Quality of services and parts. Safeguarding and increasing the quality of support for customers of the Mercedes-Benz sales and service network, especially in the growing market for older vehicles.	**Sustained improvement in service quality.** – A rating of **"very good"** once again in the ADAC Service Center Test 2012, with the highest possible total points. – Top result once again in the **Service-Award 2012** competition organized by kfz-betrieb magazine (for both cars and commercial vehicles). – Mercedes-Benz was **No. 1** for the fourth consecutive year in J. D. Power's VOSS Deutschland survey of customer satisfaction in the premium segment.	2013		81

Suppliers

Supplier relations

Our customers

Customer satisfaction

Target achieved
Partial target achieved

Target	Achievements	Target horizon	Current situation	Page
Social commitment				
Traffic safety instruction				
Traffic safety instruction for elementary school children in Germany.	– More than 10,000 schoolchildren from 320 elementary school classes from Germany took part in the MobileKids School Days. – Participation by tens of thousands of children in the MobileKids training event at the Ravensburger Spieleland amusement park as well as in a variety of other information and training events in Germany. – Training for children at 250 events with the traffic safety puppet show in cooperation with Stuttgart Traffic Safety Association.	2013	Target achieved	84
Art and culture				
Cultural offerings for employees: Regional, location-based patronage of art and culture.	– Support for the Staatsgalerie Stuttgart, the Kunsthalle Tübingen, the Domnick Foundation, and the Ludwigsburger Schlossfestspiele (music festival). – A total of some 30 (always fully booked) programs such as evening academies, tours, Meet the Artist events, and concerts to promote art and culture. – The programs were utilized by more than 2,000 employees and their families.	2012	Target achieved	84
Corporate volunteering				
Expansion of the **ProCent** social funding initiative at Daimler AG.	– ProCent helped to fund 117 projects in Germany and abroad.	2013	Target achieved	85
Expansion of existing **corporate volunteering projects** at Daimler Financial Services.	– Day of Caring in 12 countries. – Approximately 2,500 employees around the world were involved (2011: 2,200 employees). – Continued activities in Argentina, Germany, Poland, Spain, Czech Republic, India, Korea, and other countries. – New: Turkey, New Zealand.	2012	Partial target achieved	85

Target achieved
Partial target achieved

	Target	Achievements	Target horizon	Current situation	Page
	Education				
Top target	Genius initiative: Expansion of **educational activities for children and teenagers** in Germany.	– Expansion of Genius across Germany (Genius Starter Kit, workshops, Thyssen Krupp Idea Park 2012, guided tours for children at the Sindelfingen plant). – Outreach to more target groups (exhibition at Ravensburger Spieleland amusement park, third Design and Aerodynamics textbook for grammar schools, third Genius teacher congress for elementary schools, Genius membership in Wissensfabrik Deutschland).	2012		85
	International empowerment activities				
	Microloan program from Daimler Financial Services for helping 2,500 women set up their own businesses in the Midda region of Ethiopia.	Successful conclusion of microloan program. Around 2,800 women took part in basic training.	2012		85
	International empowerment activities. Empowerment initiatives of Daimler Financial Services in South Africa.	Programs for promoting an entrepreneurial mindset and creating new jobs have been implemented since 2002. These include intensive courses in comprehensive business planning. Approximately 650 permanent jobs have been created.	2012		
	Global sustainability challenges				
Top target	**Activities to establish and operate ten additional national UN Global Compact networks.**	– Current involvement in the UN Global Compact networks in **Germany, Egypt, and Poland.** – Since 2012 Daimler has also been involved in the following networks: **China (Board member), India, Serbia, and the USA.**	2013		50

Independent Assurance Report on the Daimler Sustainability Report 2012

To the Corporate Sustainability Board ('CSB') of Daimler AG, Stuttgart:

We have performed assurance procedures to provide limited assurance on the following aspects of the Daimler Sustainability Report 2012.

Subject matter
Data and information disclosed in the Sustainability Report 2012 of Daimler AG for the financial year ended December 31, 2012 on the following aspects:

- The application on the group-level of the Daimler internal guidelines for the environmental data reporting, disclosure of employee commitment related information and information related to integrity activities in the Sustainability Report;
- The internal reporting system and procedures on the group-level (excluding the corresponding processes on site-level), including the control environment, to collect and aggregate sustainability data and information; and
- The consolidated data in connection with the group key performance indicators: production-related water consumption, waste, energy consumption and CO_2 emissions on page 76, CO_2 emissions for the European Mercedes-Benz car fleet on page 68, statements and information on the employee commitment on page 62 and integrity on pages 56 & 57 of the Sustainability Report 2012.

Criteria

- The Daimler internal guidelines for the reporting of environmental data, the disclosure of employee commitment related information and integrity activities.
- GRI G3.1 Sustainability Reporting Guidelines, 2011; and
- The defined procedures by which the sustainability data are gathered, collated and aggregated internally and the principles summarized on pages 50 & 51 of the Daimler Sustainability Report 2012 which define the scope of the reporting.

Responsibility and Methodology
The accuracy and completeness of sustainability performance indicators and information are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with Daimler AG's internal guidelines, definitions and procedures on the reporting of its sustainability performance. Future orientated data and information were not part of our assurance scope. We do not provide assurance on statements out of our scope.

The CSB of Daimler AG is responsible for both the subject matter and the criteria. Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention indicating that the subject matter is not stated, in all material respects, in accordance with the reporting criteria, for the business year ended on December 31, 2012.The selection of appropriate assurance procedures is in the responsibility of the assurance provider. We have provided the limited assurance based on procedures in accordance with the International Standard on Assurance Engagements (ISAE) 3000.

Main Assurance Procedures
Our assurance procedures included the following work:

- **Evaluation of the application of group guidelines**
  Reviewing the application of the Daimler internal guidelines for the reporting of environmental data, the disclosure of employee commitment related information and integrity activities;
- **Review procedures on group-level**
  Interviews with group-functions in the areas of Environmental Protection, Business Development, Human Resources, Communication and Integrity & Compliance. The selection of interviewees was based on qualitative criteria considering the subject matters;
  Interviewing personnel responsible on group-level for internal reporting and data collection;
- **Assessment of the performance indicators**
  Performing tests on a sample basis of evidence supporting the key performance indicators and information (production-related water consumption, waste, energy consumption and CO_2 emissions, CO_2 emissions for the European Mercedes-Benz car fleet, employee commitment, integrity) as disclosed with the sustainability reporting 2012 relative to completeness, accuracy, adequacy and consistency;
- **Review of the documentation**
  Reviewing the relevant documentation on a sample basis at the group head office, including management and reporting structures and documentation;
- **Assessment of the processes and data consolidation**
  Reviewing the appropriateness of the data and information management and reporting processes for the Daimler sustainability reporting; and
  Assessing the consolidation process of data at the group level.

Conclusions
With reference to the identified subject matter information, and based on our work performed, nothing has come to our attention that causes us to believe that:

- The internal guidelines for the environmental data reporting, the disclosure of employee commitment related information and information related to integrity activities were not being applied properly;
- The GRI G3.1 Sustainability Reporting Guidelines are not being applied properly;
- The internal reporting system and procedures to collect and aggregate group environmental data, employee commitment related information and integrity activities are not functioning as designed and provide an appropriate basis for their disclosure; and
- The reporting system does not provide an appropriate basis for the disclosure of the data of the subject matter for the business year ended December 31, 2012.

Zurich, March 8, 2013

PricewaterhouseCoopers AG

Dr. Marc Schmidli Stephan Hirschi

Imprint and contact

Publisher
Daimler AG, Mercedesstraße 137,
70327 Stuttgart, Germany

For the publisher
Thomas Fröhlich
Mirjam Bendak

Publications Manager
Dr. Josef Ernst

Editing and design
SLau Konzepte & Kommunikation (editing of facts and figures)
TEQPRESS – Redaktionsbüro für Technik (editing)
TEAMKOM Kommunikation&Design (design)
Nadine Schemmann (illustration)
EquityStory AG (interactive online report)

Photography
Daimler AG Image Archive
Michael Möbius: p. 27, Richard Kienberger: pp. 28, 29, 30

Production
Dr. Cantz'sche Druckerei Medien GmbH (reprography)
Bechtle Druck + Service GmbH und Co. KG (printing)

Contact
Daimler AG, HPC E402
70546 Stuttgart
Tel. +49 (0) 71117-0 (headquarters)
Fax +49 (0) 711 17-790-95251
e-mail: sustainability@daimler.com
http://sustainability.daimler.com

Sabine Brändle (Procurement)
e-mail: sabine.braendle@daimler.com

Michael Kanizai (Human Resources)
e-mail: michael.kanizai@daimler.com

Dr. Udo Hartmann (Environment)
e-mail: udo.hartmann@daimler.com

Dr. Wolfram Heger (Society)
e-mail: wolfram.heger@daimler.com

Carolin Schwarz (Integrity)
E-Mail: carolin.schwarz@daimler.com

ISSN 2194-5136

The Daimler Sustainability Report 2012 is printed on natural paper, specifically Circle silk premium white (cover) and Circle Offset premium white (text). These types of paper bear the label of the global certification organization Forest Stewardship Council (FSC)®. This label certifies compliance with stringent criteria for the responsible management of forests (preventing unregulated logging, no violations of human rights, and no environmental pollution) as well as observance of a catalogue of criteria applying to the processing of wood, including verifiable proof of the product's chain of custody.

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C014246

Our brands

Mercedes-Benz Cars

Daimler Trucks

Mercedes-Benz Vans

Daimler Buses

Daimler Financial Services

Daimler at a glance. Daimler AG is one of the world's most successful automotive companies. With its divisions Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Financial Services, the Daimler Group is one of the biggest producers of premium cars and the world's biggest manufacturer of commercial vehicles with a global reach. Daimler Financial Services provides financing, leasing, fleet management, insurance, and innovative mobility services.

www.daimler.com

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 2012 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 2011 (G3.1) serve as the basic framework for Daimler's sustainability reporting.

You can find the full version of the GRI Index in the interactive online report. To directly access the GRI Index there, simply enter the number 006 in the search field.

http://sustainability.daimler.com

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Daimler AG** has presented its report "Daimler Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 7 March 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+ GRI REPORT GRI CHECKED

The "+" has been added to this Application Level because Daimler AG has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 25 February 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

Global Compact LEAD PARTICIPANT

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** Pages 58, 65, 89 **Principle 2** Pages 58, 79-80, 89 **Principle 3** Pages 33, 58, 60, 89 **Principle 4** Pages 58, 89 **Principle 5** Pages 58, 89
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** Pages 60-61, 63, 89, 90
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 ISO 14001. In addition, we regularly conduct environmental due diligence processes at our locations.	**Principle 7** Pages 19-25, 45-46, 92-93, 95
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 2012 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 2012 refer to a total of 69 business locations or subordinate sites.	**Principle 8** Pages 19-25, 47-49, 66-72, 74-78, 94
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** Pages 29, 39-41, 42-44
Principle 10 Work against corruption.	Our compliance management system is intended to ensure that Daimler and its employees always conduct themselves in conformance with rules. Complying with anti-corruption regulations as well as maintaining and promoting fair competition have the highest priority for the Daimler Group and serve as a benchmark for our staff and management. To give further emphasis to this goal, compliance and integrity are taken into consideration in our executives' annual target agreements and assessments of target fulfillment. Particular attention is paid to individuals' correct conduct in conformity with rules and ethics. In order to effectively counteract the risks within our divisions and markets, we have altered the structure of our compliance organization in line with our divisions. Each division is now supported by a compliance officer. In addition, a regional compliance office was established in China in 2012, reflecting the special importance of the Chinese market. Furthermore, local compliance managers are active worldwide, advising on matters of compliance and ensuring observance of our compliance standards.	**Principle 10** Pages 37-38, 54-58, 87-88

http://sustainability.daimler.com

Our interactive online report

Daimler AG, Stuttgart, Germany