

DAIMLER

Focus on Sustainability



2016: Sustainability in Figures

→ 123

g CO₂/km CO₂ emissions for the fleet
in Europe (Mercedes-Benz Cars)

2015 → 123 g CO₂/km

↗ €2.71

billion for research and development in the
area of environmental protection

2015 → €2.39 billion

↘ 10,895

GWh energy consumption (total)

2015 → 10,940 GWh

↘ 858

kg/vehicle total CO₂ emissions
(per manufactured vehicle,
Mercedes-Benz Cars)

2015 → 909 kg

↗ 1.31

kg/vehicle of solvents (VOCs)
(per manufactured vehicle,
Mercedes-Benz Cars)

2015 → 1.21 kg

↘ 282,488

employees worldwide

2015 → 284,015

↗ 17.7

percent women employees
(Group, worldwide)

2015 → 17.3

↗ 68

Employee Commitment Index (ECI)

2015 → 63

Contents



All the facts and figures about our
sustainability performance in 2016
can be found here:
[http://www.daimler.com/
sustainability/sr2016.html](http://www.daimler.com/sustainability/sr2016.html)

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In a Few Words



“We are on the threshold of a transformation that goes far beyond new drive systems. This is a time of radical upheavals, and thus also a time of gigantic opportunities. As an engineer, I cannot imagine a more exciting task than translating these opportunities into genuinely fascinating vehicles.”

DR. DIETER ZETSCHKE

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

“New technologies open up new lines of business for us, but also raise ethical questions. For me, discussing these questions at an early stage and finding answers is part of our responsibility as a company. Incorporating the aspects of integrity and sustainability is a prerequisite for successfully influencing change in the automotive industry.”

RENATA JUNGO BRÜNGGER

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



“As the inventor of the automobile a responsible mobility over the complete value chain is our high priority. We consequently further our good development level related to sustainability by tightly focused investments in environmental projects ranging from development to vehicle production. In 2016, these expenditure reached over €3 billion.”

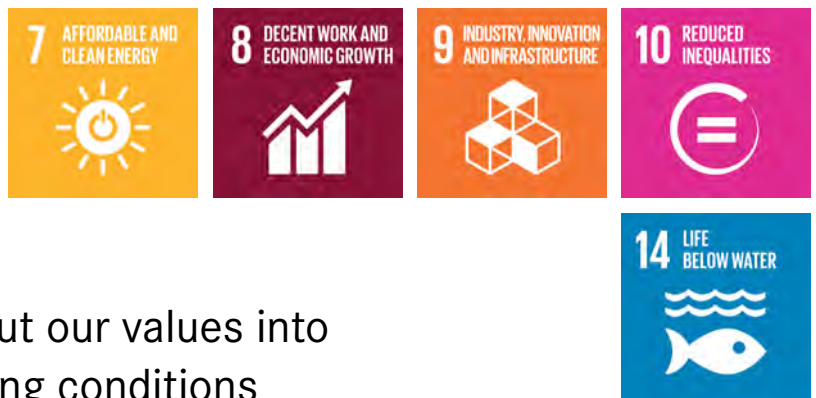
OLA KÄLLENIUS

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

Top Goals

Daimler promotes the achievement of the Sustainable Development Goals (SDG) of the United Nations. In September 2015 all of the member countries accepted the **17 Sustainable Development Goals** of the Agenda 2030. These goals address economic, social, and environmental challenges, and apply equally to developing, emerging, and industrialized countries.

Through our **sustainability-focused company strategy** and our sustainability targets, we are making a positive contribution to solve the global challenges of our time.



As a top employer, we strive to put our values into practice and offer the best working conditions

___ Industry benchmark for employee commitment ___ SDG **3 4 5 8 10**

___ High degree of awareness and dedication among our employees ___ SDG **3 9 16**

___ A culture of integrity in action ___ SDG **4 9 16**

We are continuously developing integrity into a competitive advantage

___ Continuing the dialog about integrity and compliance, at the Group and within society ___ SDG **16 17**





___ Developing methods for controlling our integrity management ___ SDG **4 9 16**





___ Critical support of our business activities by the Advisory Board for Integrity and Corporate Responsibility ___ SDG **16**





We endeavor to achieve outstanding environmental and energy performance

___ Reduction of the CO₂ emissions of our new vehicle fleet in Europe to 100 g/km (by 2021)

___ SDG    


___ Reduction of the fuel consumption of our new vehicle fleet in China by 25 percent (2012–2019) ___ SDG    

___ Reduction of the CO₂ emissions produced by our European manufacturing plants by 20 percent in the period 1990–2020, even as production volumes increase ___ SDG    

___ 10 to 20 percent lower CO₂ and nitrogen oxide emissions throughout the life cycle of every new model generation (as compared to the preceding generation) ___ SDG    



We seek to be a pioneer in safety

___ Top crash-test ratings for our vehicles ___ SDG 

___ Top marks for our assistance systems ___ SDG 

We get involved in important social issues

___ Contribute to the development of society and effectively shape, assist, and promote it. ___ SDG       



Going Electric into the Future

Daimler was one of the pioneers of electric driving ten years ago, when it introduced the first electric smart. The company is now launching an **electric drive offensive** in order to electrify vehicles in a variety of segments, throughout the Group, from **compacts** to the **luxury class** to **vans, trucks, and buses**.



In October 2016 the Paris Motor Show hosted the debut of the **Concept EQ**, the **forerunner of a new generation of battery-electric vehicles at Daimler**. Two motors (one each on the front and rear axles) enable the vehicle to achieve an overall output of up to 300 kW and accelerate from 0 to 100 km/h in less

than five seconds. The vehicle has a range of up to 500 kilometers. Series-production vehicles based on the EQ are scheduled to roll off the assembly lines of our plants within the next few years. That's why we made sure that the EQ's vehicle architecture, which was specifically developed for battery-electric vehicles, could also be installed into any kind of vehicle, from SUVs to sporty convertibles.

Two trends, the switch to renewable sources of energy and the growing demand for electric vehicles, will probably further intensify in the years ahead. It could make the **vision of completely emission-free mobility** a reality in the near future. In response, Daimler is preparing to switch to alternative drive systems, while continuing to pursue its three-pronged drive system strategy. In addition to all-electric vehicles and additional plug-in hybrids, Daimler regards highly efficient combustion engines as part of the solution. We want to make electric mobility suitable for mass production so that it can achieve a breakthrough. As a result, our electric vehicles are supplemented by an entire "ecosystem" of attractive services – from the installation of the Mercedes-Benz wallbox to the provision of digital services for electric and plug-in-hybrid vehicles that are accessible through the "Mercedes me" portal. In the years ahead, we will invest more than €10 billion in the expansion of our electric fleet and launch ten new electric vehicles on the market by 2025.

ELECTRICITY FROM THE SPARE PARTS WAREHOUSE

In general, we will invest even more in future-oriented technologies. For example, we will spend €1 billion on the production of batteries for electric cars alone. A second battery factory, which is currently under construction in Kamenz, Saxony, will significantly boost our production capacity and increase the amount of manufacturing and logistics space fourfold. We are also striking out in new directions with our **innovative stationary energy storage units**. In Hanover, for example, we are currently combining 3,000 new replacement battery modules, which are built for smart electric drive vehicles, into a super-large stationary system. In Lünen, 1,000 used batteries from smart fortwo electric drive vehicles together form the **world's largest second-use battery storage system**. Both of these technologies improve the environmental balance of electric mobility while helping to offset the unavoidable grid fluctuations caused by the generation of power from renewable energy sources.

A HIGH-PERFORMANCE CHARGING INFRASTRUCTURE FOR EUROPE

In order to help **create the required infrastructure**, we are now planning a joint venture for an ultrafast high-performance charging network along Europe's main traffic arteries. In cooperation with Volkswagen, BMW Group, and Ford Motor Company, we want to set up **thousands of charging stations** by 2020. These stations will have a charging power of up to 350 kW so that vehicles can be recharged much faster than at previous fast-charging stations. We are also involved in an alliance to promote the development of a hydrogen infrastructure throughout Germany. The new company, H₂ MOBILITY, is a joint venture of Daimler, Air Liquide, Linde, OMV, Shell, and Total. In 2016 it put its 25th public hydrogen filling station into operation. H₂ MOBILITY plans to have around 400 fueling stations by 2023.

CARS & COMMERCIAL VEHICLES

Our Electric Fleet



Twelve cars, a bus, a van, and a truck – our fleet of electric and plug-in hybrid vehicles is already extremely varied. And thanks to our push to switch to alternative drive systems, this fleet will become even more diverse in the years ahead.

Status: December 31, 2016



CONCEPT CAR

Forerunner of a New Era

The near-series-production **Concept EQ** provides a preview of the upcoming generation of battery-electric cars from Mercedes-Benz. The two electric motors (one each on the front and rear axles) give the electric SUV a total system output of 300 kW and a range of up to 500 kilometers.

HYDROGEN DRIVE

Fuel-Cell-Powered SUV

This year, we will also present a **new generation of fuel-cell vehicles** based on the Mercedes-Benz GLC and equipped with innovative plug-in technology. Our compact fuel-cell system now fits into normal engine compartments for the first time. We have also introduced a supplementary energy source for the electric motor in the form of an **additional lithium-ion battery** that can be easily recharged externally.



ELECTRIC CAR

Electric mobility – from City Runabouts to SUVs



At the Paris Motor Show 2016, we not only provided a preview of what's in store for electric mobility in the future, but also showed the products that we are already putting on the road. For example, the new **smart fortwo coupe electric drive**¹, the new **smart fortwo cabrio electric drive**², and the **smart forfour electric drive**³ all celebrated their world premieres at the auto show.

There will be another premiere in 2017, when a **new generation of fuel-cell-powered cars** based on the GLC kicks off. This electric SUV, which generates its energy onboard from hydrogen, has a very compact fuel-cell system as well as a lithium-ion battery that can also be charged with plug-in technology.

As part of our **plug-in hybrid offensive**, we will also make a big technological leap in 2017, when vehicles from the updated S-Class will be the first to use our refined lithium-ion battery. Together with our intelligent operating strategy, the new battery will enable the vehicle to travel more than 50 kilometers solely on electricity. All in all, Daimler currently has eight hybrid vehicles in its portfolio – that's one of the widest ranges in this segment.

¹CO₂ emissions combined: 0 g/km, electrical consumption combined: 12.9 kWh/100 km

²CO₂ emissions combined: 0 g/km, electrical consumption combined: 13.0 kWh/100 km

³CO₂ emissions combined: 0 g/km, electrical consumption combined: 13.1 kWh/100 km

⁴CO₂ emissions combined: 57–49 g/km, fuel consumption combined: 2.5–2.1 l/100 km



ENERGY STORAGE

Second-Use Batteries

After they are no longer used on the road, vehicle batteries are employed for a second, stationary application in Lünen, Germany. The city has the world's largest **second-use battery storage unit**, consisting of 1,000 rechargeable batteries from smart electric drive vehicles. These batteries have a combined storage capacity of 13 megawatt-hours.

URBAN MOBILITY

Three New City Cars

The **fourth generation of electric smart vehicles** celebrated its premiere at the Paris Motor Show in October 2016. Besides the smart fortwo and the smart fortwo cabrio, the four-seat smart forfour was also presented for the first time in an electric drive version.



DUAL DRIVE SYSTEM

3rd-Generation Hybrid

The **E 350 e⁴** plug-in hybrid car can travel more than 30 kilometers solely on electricity, enabling drivers to reach their destinations in cities without producing any local emissions. In 2017 Mercedes-Benz will launch the model update of the next generation of the S-Class, which will for the first time have a range of 50 kilometers when operating solely on electricity.



ELECTRIC COMMERCIAL VEHICLES

Electrified Trucks, Buses, and Vans from Daimler



It goes without saying that we, the world's leading manufacturer of commercial vehicles, also employ sustainable new drive systems in our trucks, buses, and vans. In 2011 Daimler put the first electric van into series production: the **Vito E-CELL**. It will be followed in 2018 by a completely new van, which will be based on the **Vision Van** concept vehicle. This new van will be all-electric and completely connected and will also have an automated load compartment.

In the same year, we also plan to launch an **electric version of our Citaro short-distance bus**. Thanks to its range of 300 kilometers, this bus can easily cover most regular-service routes.

Finally, our **Fuso Canter E-Cell** ensures that we also take the lead when it comes to green trucks. In 2017 we will launch the third generation of this battery-electric light truck on the market. The vehicle will have an enhanced electric motor and a greater range.



PARTIALLY AUTONOMOUS DRIVING

Self-Driving City Bus

The **Future Bus** with CityPilot automatically halts at bus stops, opens and closes doors, drives off, and communicates with the traffic light switching systems. Drivers don't actually have to do anything, but they can take control of the vehicle at any time. In July 2016 the prototype of the partially autonomous Future Bus demonstrated its capabilities during a test run in Amsterdam.

SHORT-RANGE DISTRIBUTION

Pioneering Electric Van

Daimler's first van to feature a battery-electric drive system was launched on the market in 2011.

Since then, around 900 units of the **Vito E-CELL** have proved their worth in road use by customers.

The van has a payload of 900 kilograms.





SHORT-RANGE DISTRIBUTION

Vision Van

According to Daimler, vans will be faster, more efficient, and more environmentally compatible in the future. The **Vision Van** shows how such a vehicle might look. This visionary van is completely electric and connected and has an automated load compartment that also contains delivery drones.



TRUCKS

Testing of Electric Trucks

In April 2016, the first fleet test of electric trucks began in Germany. For a whole year, five battery-powered **Canter E-CELL** vehicles from the **Fuso** brand are having to withstand the tough operating conditions at the logistics company Hermes and for the city government of Stuttgart. A fleet test has already been successfully completed in Portugal.

SHORT-RANGE DISTRIBUTION

Whisper-Silent 26-Ton Truck

The **Urban eTruck** is the first all-electric truck in its weight category. With a range of up to 200 kilometers, the vehicle is ideal for city use. Daimler unveiled the prototype in 2016, and a small series will already be delivered to customers in the course of 2017.



Environment & Resources







INNOVATION

S-Class Coupé with CO₂ A/C Technology

The new S-Class coupé is the world's first series-production car with a CO₂ air-conditioning system. The technology will be introduced in additional vehicle models beginning in 2017. CO₂ is an extremely effective refrigerant. It is neither toxic nor flammable and has the lowest global warming potential of all common refrigerants for air conditioners. Because the new a/c technology performs better than previous systems in many respects, it can cool off the passenger compartment faster. The consumer magazine *Guter Rat* has named the CO₂ air-conditioner from Mercedes-Benz a **rational innovation**.

GOALS AND CHALLENGES

Product Responsibility

We want to safeguard mobility for future generations. To do so, we are using a mix of drive systems that meet the wishes of our customers and the requirements of sustainability. Our milestones on the path to sustainable mobility are:

- The enhancement of our vehicles with **combustion engines** so that fuel consumption and emissions can be significantly reduced further
- Even more efficiency gains through **hybridization**
- The future development of **electric vehicles** equipped with battery and fuel-cell drive systems

In 2016 we faced major challenges associated with these goals. For one thing, we had to refute accusations that some of our diesel models produced higher nitrogen oxide emissions in daily use than the NEDC figures indicated.

This is true for most of the diesel-powered cars from Daimler and all of our competitors because real-life

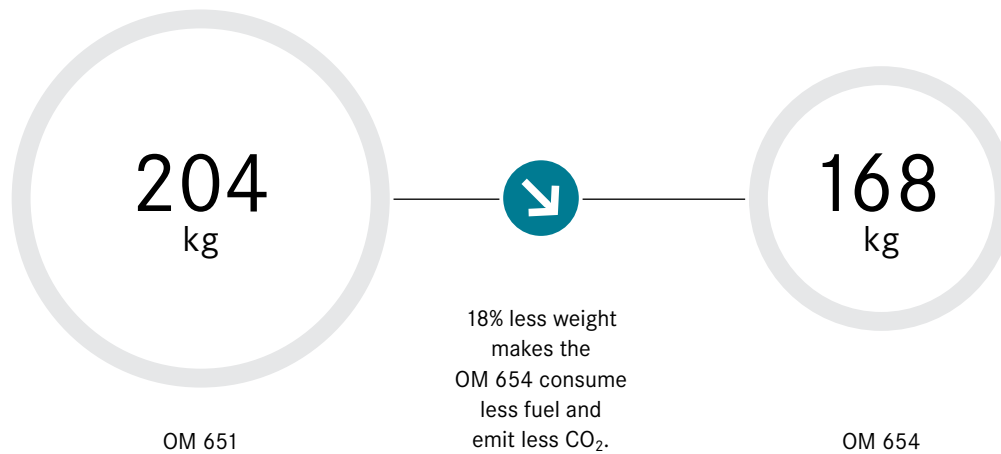
driving conditions are very different from those used during NEDC measurements. However, none of our vehicles have ever been or are equipped with illegal switch-off devices. More importantly, our completely new OM 654 and OM 656 diesel engine series enable us to launch cars on the market that set new benchmarks for low emissions in real-world driving. And of course they also meet the more stringent requirements of the future Real Driving Emissions (RDE) legislation.

A further challenging goal is the reduction of the average CO₂ emissions of our car fleet in Europe. At 123 g/km, we already reached our target for 2016 in 2015. In 2016 as well, we further reduced the CO₂ emissions of individual models. We were also able to maintain this level of 123 g/km in 2016 – despite a shift in sales towards the upper mid-series and the luxury class. We are taking this continuing trend into account in our product strategy and taking the appropriate measures so that we can reach our emissions goal of 100 g/km by 2021.

CAR ENGINES

OM 654

The OM 654 is more fuel-efficient, cleaner, lighter, and more compact than its predecessors, and it has founded **a new generation of engines** at Mercedes-Benz. This four-cylinder diesel engine will not only meet demanding customer requirements but also help to protect the environment and the climate, thanks to a number of technical innovations. Its direct predecessor, the OM 651, was produced in greater numbers than any other engine in the company's history. The OM 654 might even exceed these figures, as it will be used in the entire vehicle lineup of Mercedes-Benz Cars and Vans over the medium term.



In the OM 654, all of the exhaust treatment components are directly attached to the engine. This makes substantially lower emissions possible – especially in real-world driving – and also reduces fuel consumption.



10.7%

less fuel was consumed by the Actros
on average during its
Fuel Duels with competitors



8%

less fuel than its predecessor
is consumed by the
new Freightliner Cascadia

FUEL EFFICIENCY

The Champion of the Fuel Duels

The **Mercedes-Benz Actros** has won more than 90 percent of the over 2,700 Fuel Duels it has fought against European competitors. In these fuel consumption tests, customers drove 90 semitrailer tractors over a total distance of 13 million kilometers through Europe. The Actros clearly outperformed its rivals, **consuming 10.7 percent less fuel** on average. Meanwhile, the **new Freightliner Cascadia** demonstrated its fuel efficiency in the US. On three test runs, the truck consumed **8 percent less fuel** than its predecessor. This demonstrates that Daimler Trucks North America has kept the promise it made in 2012 to improve fuel efficiency by five percent every two years.

TRUCK ENGINES

Green Truck 2016

Mercedes-Benz trucks with OM 470, OM 471, OM 936, and OM 934 series engines can now also use **alternative fuels** produced from synthesis gas, hydrated organic oils, or hydrated organic fats on the basis of the prEN15940 standard for sustainable diesel fuel. These alternative fuels further improve the environmental sustainability of the trucks, which boast high fuel efficiency and low emissions even when running on conventional diesel. As a result, the **Mercedes-Benz Actros 1845** equipped with an OM 471 engine was named a **Green Truck** in 2016 for the second time in a row in the most important environmental ranking of the transportation and logistics sector.



ENERGY EFFICIENCY

Actros Semitrailer Truck Impresses in Efficiency Run

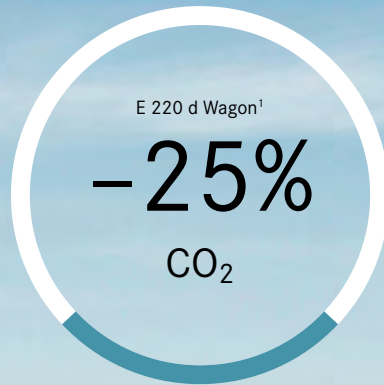
Improving several components of a semitrailer truck simultaneously helps to reduce fuel consumption and CO₂ emissions even more effectively, as demonstrated by the first Efficiency Run in 2015. In 2016 Daimler teamed up with the trailer manufacturer Krone to create a further optimized version of a Mercedes-Benz Actros semitrailer rig, which was then tested on roads during the three-month Efficiency Run. The field test showed that the truck equipped with the **new OM 471 engine, Predictive Powertrain Control, improved low rolling-resistance tires, and Krone's Profi Liner Efficiency trailer** reduces fuel consumption and CO₂ emissions by **up to 20 percent** compared to previous tractor-trailer combinations.

CLIMATE PROTECTION

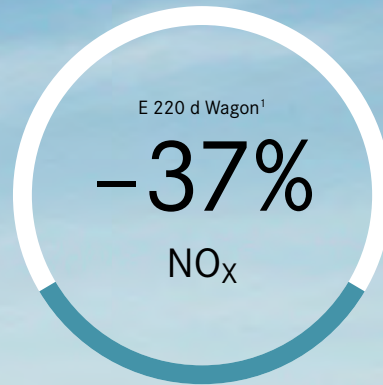
-12%

The average CO₂ emissions of the **new fleet of Mercedes-Benz cars in China** dropped to 155 g/km in 2016. This represents a decrease of 12 percent compared to the previous year. In the US, the value for passenger cars declined by 7 percent to 159 g/km. In Europe, the figure for Mercedes-Benz passenger cars remained at the previous year's level of 123 g/km.

360° Environmental Analysis of the New E-Class Wagon



The new E-Class Wagon consumes **much less fuel** and emits **less CO₂** into the environment than its predecessor, according to a life cycle assessment. Whereas the previous model (E 220 CDI) emitted a total of 51.8 tons of CO₂ during its life cycle, the new E 220 d only produces 38.7 tons, for a decrease of 25 percent.



The **drop in NO_x emissions** is even more pronounced for the entire life cycle. The decrease of 28 kilograms means that the new E 220 d emits 37 percent less nitrogen oxides than its predecessor.

➔ The environmental certificate of the E-Class:
<http://mb4.me/w1ZdXfPn>



¹CO₂ emissions combined:
120-109 g/km,
fuel consumption combined:
4.6-4.2 l/100 km

GOALS AND CHALLENGES

Corporate Environmental Protection

We aim to make all stages of manufacturing as **environmentally compatible** and **energy-efficient** as possible. Certified environmental and energy management systems are helping us to get better. **Efficient techniques** and effective **resource management** enable us to reduce the use of scarce raw materials to a minimum. The **recycling** of materials at the end of the product life of our vehicles is already planned within the development stage, and **used parts** are remanufactured on a large scale.

By its very nature, the production of automobiles consumes large amounts of energy and raw materials. That's why we face special challenges as a result of our increasing production output. In absolute terms, this will increase our use of resources – but because we are counteracting this increase through a variety of measures, the rise will be disproportionately low. For example, thanks to improved energy efficiency, our energy consumption dropped by 1 percent compared to 2015, while production rose by 6 percent. In the future, we want to achieve additional big efficiency gains with the help of projects such as AREUS.

ENVIRONMENTAL PROTECTION CONCEPTS

Chennai Goes All Out

The truck plant* in Oragadam near Chennai, India, uses a comprehensive environmental protection concept. It aims to protect the climate, conserve valuable resources, and help preserve the natural environment.

Water as a valuable resource

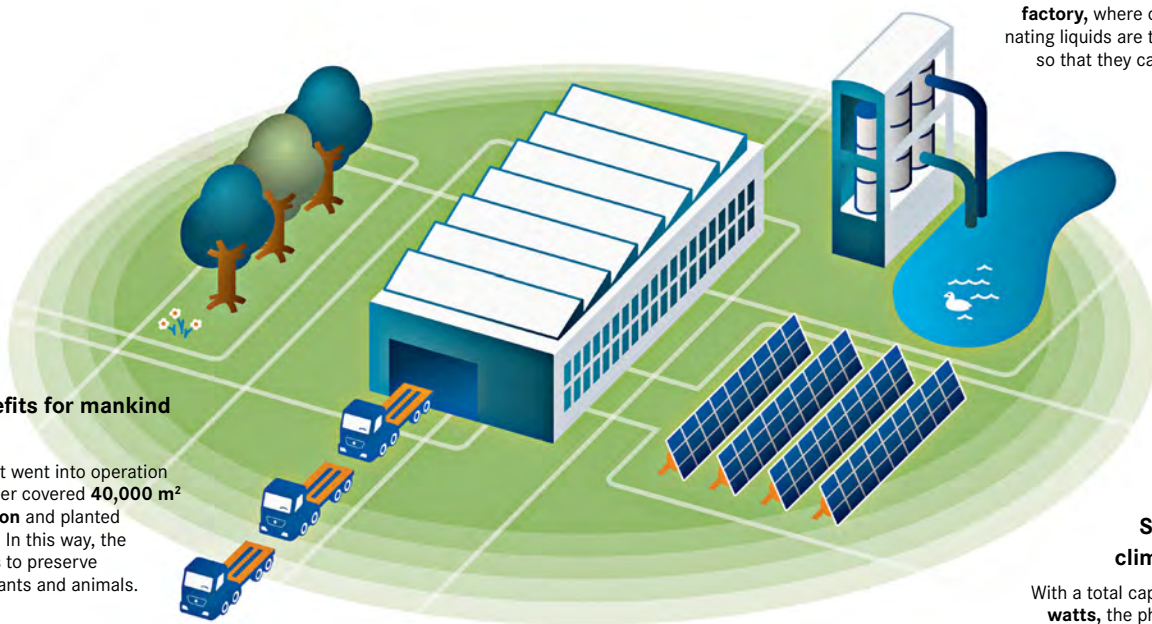
The plant's retention tank can hold **60 million liters** of rainwater. The tank helps to minimize the amount of water the plant has to procure. Drinking and service water is treated in **state-of-the-art filter and purification plants**. The industrial wastewater is also purified and treated. The result is a **wastewaterless factory**, where only water-contaminating liquids are transported outside so that they can be professionally treated.

Green benefits for mankind and nature

Since the plant went into operation in 2012, Daimler covered **40,000 m²** with **vegetation** and planted **16,000 trees**. In this way, the company aims to preserve habitats for plants and animals.

Solar energy for climate protection

With a total capacity of **3.3 megawatts**, the photovoltaic systems of the Chennai plant can supply more than one-fourth of the power that is consumed during the day on average.



* The figures do not yet include the bus body assembly facility that was integrated into the plant at the end of 2016.

KEY FIGURES

Energy Efficiency and Low-Carbon Production



Photovoltaic systems

2011 → 2016

13 ↗ 18

Number of locations with PV systems

6,385 ↗ 12,480

Peak output of the systems
in kilowatt peak (kWp)



CHP plants

2011 → 2016

6 ↗ 52

Total number of CHP modules

4.8 ↗ 92

Electrical output in megawatt (MW_{el})



Energy management

2012 → 2016

11 ↗ 24

Number of locations with certified
environmental management systems
according to ISO 50001

CLIMATE PROTECTION

Solar Panels for Logistics Center

In 2016 the Mercedes-Benz Global Logistics Center (GLC) in Germersheim put a photovoltaic system into operation that consists of more than 5,000 solar power modules. Covering an area of 15,000 square meters, the facility produces over 1.3 million kWh of electricity per year, almost all of which is consumed by the GLC. Daimler invested around €1.4 million in the facility, which **reduces annual CO₂ emissions by 755,000 kilograms**. In 2015 the GLC put a combined heat and power plant into operation that cut CO₂ emissions by around 2.8 million kilograms per year.

BIODIVERSITY

Blooming Diversity

50,000 flower bulbs of native species will ensure that green areas at the Sindelfingen plant will flourish and bloom in the spring. The plant spent around €15,000 on the spring flowers, which will provide insects such as the endangered wild bee with a good source of nourishment. In a **large-scale campaign, teams of employees** planted the bulbs in October. This project is only one of a total of 15 initiatives that the company and its employees are conducting at ten locations in Germany in order to promote **biodiversity**.

RECYCLING

Energy from 1,000 Used Batteries

In 2016 the **world's largest** second-use battery storage system went on line in Lünen, Germany. The system consists of **1,000 batteries from smart fortwo electric drive vehicles** with a **total capacity of 13 MWh**. After the batteries are no longer used in cars, they can still be employed in stationary applications for about another ten years, thus greatly improving their environmental performance. The storage system also helps to offset the grid fluctuations caused by the switch to renewable sources of energy. Another expression of our commitment to electric mobility is the construction of a **second battery factory in Kamen, Saxony**. We are investing **€500 million** in the new plant, which will greatly expand the production capacity of Deutsche ACCUmotive. In the future, this factory will produce rechargeable lithium-ion batteries for electric and hybrid vehicles from Mercedes-Benz and smart.



ENERGY EFFICIENCY

Cooling from Waste Heat

Our commercial vehicle plant in Ludwigsfelde, Germany, installed an absorption cooling system in 2016. The new system uses the waste heat of the plant's CHP facility that cannot be fed into the district heating network to supply cooling for the plant's paint shops. As a result, the plant **requires less electricity** and emits **less carbon dioxide**. Experts estimate that the new system will reduce the plant's CO₂ emissions by about 440 tons per year.

CONSERVATION OF RESOURCES

Spare Parts Produced by 3D Printers

In September 2016, Mercedes-Benz produced **the first truck components in genuine parts quality** with a 3D printer. The parts were produced with the selective laser sintering (SLS) method, which doesn't waste any material. This saves money and conserves resources. Thanks to the new technology, Daimler is world leader in this area. For some time now, the company has been using similar methods to produce prototypes. More than 100,000 parts are "printed" each year for the various corporate units.



Printed plastic parts for the ventilation system and covers used for the interior of a truck.



ENERGY EFFICIENCY

AREUS Teaches Robots How to Save Energy

As part of the EU-funded project titled Automation and Robotics for European Sustainable Manufacturing (AREUS), which was successfully concluded in 2016, researchers and engineers from Daimler AG helped to develop and test concepts for the **energy-efficient automobile production system of the future**. The main idea is to create direct-current smart grids that would use stationary systems to temporarily store braking energy recovered by industrial robots. According to experts, such a concept could **boost efficiency by 10 to 20 percent**.



The photo shows the test cell of a complete direct-current production facility in Sindelfingen. It is supplied with solar power from its own photo-voltaic system.

ENERGY EFFICIENCY

A Smart Grid for Production

Daimler is also planning to use smart direct-current energy supply systems to make automobile production more efficient in South Africa. In 2017 we will launch a pilot project at our plant in East London in order to incorporate **stationary energy storage units** for the first time into a real-life production environment as part of a smart grid. For this project, we plan to use a battery with a **capacity of 1,000 kWh** and an **output of 500 kW**.

Mobility & Safety





GOALS AND CHALLENGES

Mobility

We want to not only offer efficient, clean, and safe vehicles but also supply sustainable solutions for **shaping future mobility**. Transport infrastructure and transport systems frequently operate at their limits, especially in urban areas. At the same time, the way people use transportation is changing. That's why we have developed a range of pioneering **mobility concepts** – from the carsharing provider **car2go** and the multimodal mobility platform **moovel** to the **Bus Rapid Transit (BRT)** bus system.

One of the challenges in this area is the need to form partnerships and exploit synergies with a wide variety of other providers. To ensure the success of our moovel platform, for example, it also has to include services that do not come from Daimler. Another challenge is posed by the need to handle the extensive amount of user data responsibly.



CARSHARING

Simply Tops

In 2016 two million customers used the services offered by car2go. This enabled Daimler's carsharing provider to further extend its global **market leadership in the field of flexible carsharing services**. car2go needs no fixed rental points, and the vehicles are freely distributed across the respective cities. Drivers can use their smartphones to locate and unlock a car. After use, the vehicle can be parked anywhere within the city in question. In this way, one of the **14,000 car2go vehicles is used every 1.5 seconds at 30 locations worldwide**.

➔ www.car2go.com



The moovel app enables users to quickly, easily, and conveniently search, book, and pay for transportation services.

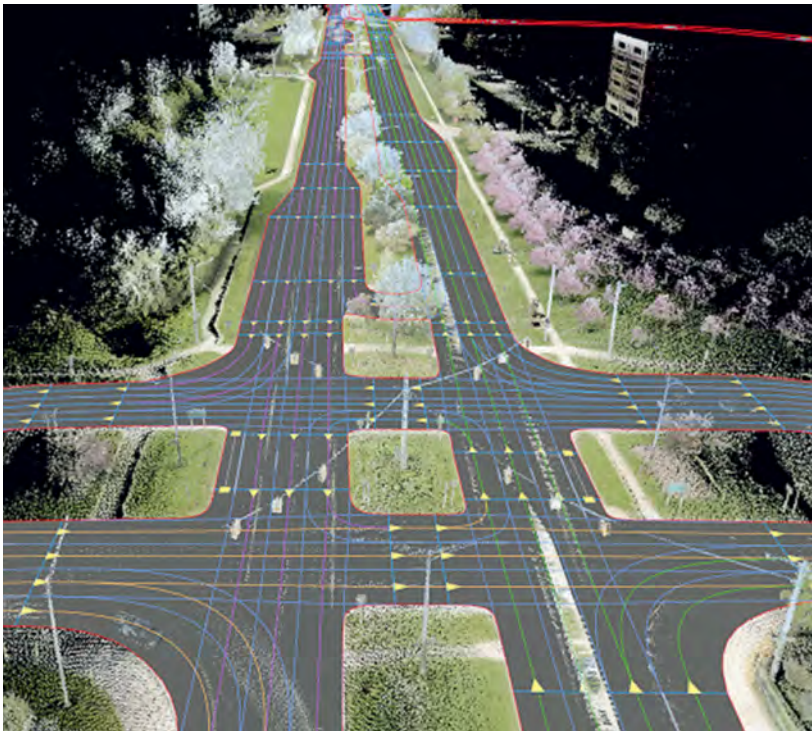


NETWORKED MOBILITY

Mobility Platform Wins Award

The app of the moovel mobility platform has won the **German Mobility Prize**, which was presented in 2016 for the first time. The user-friendly app has many additional features that distinguish it from other comparable services. For example, you can use the app to pay for a wide range of mobility services, including rail tickets, car2go, and mytaxi. That's one of the reasons why the award's judges chose moovel as the prizewinner from a field of 350 submissions.

➔ www.moovel.com



DIGITIZED MOBILITY

Intelligent real-time maps for autonomous driving

Daimler has teamed up with Audi and BMW to acquire HERE, one of the leading technology companies for digitized mobility. HERE is currently working on a platform that combines high-resolution maps with location-based real-time information in order to provide a **detailed, up-to-the second depiction of the real world**. This will serve as the basis for the development of highly automated driving systems. To safeguard customer data, Daimler will keep this information strictly under its control.

MOBILITY CONCEPTS

FlixBus Acquires Postbus

The **German market leader** FlixBus has acquired the long-distance bus unit of Deutsche Post AG. This move expands FlixBus' network to include smaller towns that previously had no long-distance bus connections. The connections that were previously operated by both companies will be reduced in favor of new destinations. In 2015 FlixBus transported around **20 million passengers**. The company, in which the Daimler subsidiary moovel owns shares, expects to grow by about 50 percent in 2016. Prior to the acquisition, FlixBus drove to around 900 destinations in Germany and elsewhere in Europe, while Postbus offered connections to 112 destinations.



NETWORKED MOBILITY

>70,000,000

passengers

>100,000

registered cab drivers

>50

cities in 9 European countries

The **largest app-based taxi-ordering service in Europe** has been a smashing success. The company was formed in July 2016 through the merger of the Daimler subsidiary myTaxi and Hailo. The merged enterprise is called mytaxi and has its headquarters in Hamburg. The merger has further strengthened Daimler's position as a leading provider of innovative transportation and mobility solutions.

➔ www.mytaxi.com



The new E-Class **scored five stars** – the best result possible – **in the Euro NCAP test**.

In all four categories (occupant protection, child safety, pedestrian safety, and assistance systems) the sedan did better than required for a top safety rating. In addition, the new E-Class won **two Advanced Rewards** for the assistance systems PRE-SAFE® and ATTENTION ASSIST.



TRUCK SAFETY

Active Brake Assist also Detects Pedestrians

Daimler is the first truck manufacturer to offer a **turning assistant that also detects pedestrians**. Known as Active Brake Assist 4, the system can detect pedestrians in almost any traffic situation. For example, the assistant recognizes pedestrians and cyclists who cross the path of a right-turning truck, which is an especially critical situation. The assistant uses the information from a radar system and emits visual and acoustic signals in intensifying stages to warn the driver of an impending collision.

In such a situation, flashing lights and increasingly penetrating acoustic signals call on the driver to take immediate action.



GOALS AND CHALLENGES

Safety

Our aim is to manufacture the **world's safest automobiles**. Many of our technical innovations have set standards in vehicle safety. Due in part to these systems, the number of fatal traffic accidents has been declining in Germany for years. We are continuously improving road safety with new and optimized systems. To make this possible, **safety components** and **assistance systems** are becoming increasingly interlinked.

In the future, **autonomous driving** will improve traffic safety further. As a pioneer in this field, we are also extensively addressing the challenges that this technology raises. Many issues still remain unresolved in this area – not only with regard to the technology but also with respect to data protection, the legal situation, and ethics. We are therefore actively promoting a discussion about the challenges and opportunities of autonomous driving.

You can find details about the vehicle's energy efficiency and CO₂ emissions (CO₂ label) on page 38.

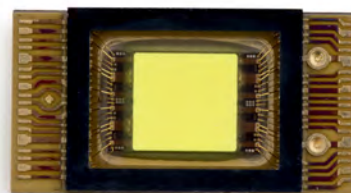
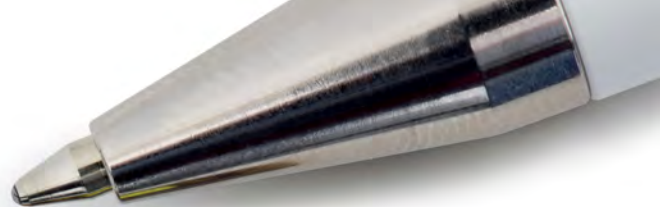


URBAN MOBILITY

Autonomous Bus

In July 2016, the Mercedes-Benz **Future Bus equipped with CityPilot** celebrated its premiere in Amsterdam. The city bus successfully completed its **first autonomous drive in urban traffic** on a 20-kilometer stretch of Europe's longest express bus route, which is a Bus Rapid Transit (BRT) line. The driver only has to monitor the Future Bus, which halts independently with centimeter precision at bus stops and traffic lights. The bus automatically drives off again. The vehicle also brakes when it encounters a pedestrian or an obstacle and communicates with signaling systems.

Although the driver will continue to have ultimate control of the Future Bus, the vehicle can perform many maneuvers on its own. For example, it can autonomously approach bus stops, let passengers in and out, and merge back into moving traffic.



Although these LED chips are among the largest of their kind, they are still tiny. Pictured here is one of the three LED chips that intelligently control lighting in the innovative headlights. Next to it is a pen for comparison.

LED HEADLIGHTS

Intelligent Headlights

In a joint research project, Daimler teamed up with Osram, Infineon, Hella, and the Fraunhofer Institute to develop an LED headlights that contains three innovative **LED chips, each with 1,024 individually adjustable points of light**. The use of a fine grid that adjusts light distribution to the respective situation enables the intelligent prototype to provide more precise lighting than any previous system.



FREIGHT TRAFFIC

Networked Convoy Driving

In the summer of 2016, **digitally networked trucks** showed what they've got during a rally that extended across Europe. These trucks are safer than conventional vehicles, take up less space on highways, and consume less fuel, due their reduced air resistance. This networking within a convoy (also known as platooning) is made possible by a telematics platform that communicates with other vehicles and with the infrastructure. The Dutch government initiated the rally, in which Daimler and five other manufacturers took part.

Values & Jobs





INTEGRITY TRAINING

73,000

employees took part in integrity-related training courses

Our **practical training program** teaches participants about **integrity, compliance, data protection, and antitrust law**. Every Daimler employee has to complete a basic web-based training course on integrity after being hired. At regular intervals, the employees also receive additional in-depth training on a variety of topics, depending on their risk situation and their particular needs. In 2016 more than 53,000 employees took part in web-based integrity-related training courses. Almost 20,000 employees from different levels of the hierarchy attended a total of 1,015 face-to-face training courses.



INTEGRITY DIALOG

Integrity Event in Japan

At an integrity event in October 2016, managers from Asian locations discussed issues related to integrity and compliance. An important element of the event was a series of **business simulations** dealing with concrete cases that can arise during daily business operations. The participants developed approaches to solutions and subsequently discussed them with experts from the areas of HR, procurement, integrity, and compliance. The feedback from the participants was positive. In particular, the strong practical relevance, the open discussions, and the participation of Board of Management Member Renata Jungo Brüngger were greatly appreciated.

GOALS AND CHALLENGES

Ethical Responsibility

At Daimler, we systematically invest in the promotion and further development of our corporate culture, which is oriented on ethical principles and based on shared values. We consider it especially important that integrity is lived out in daily work. We refine this **culture of integrity** together with our employees in an ongoing open dialog.

Integrity is the basis of our compliance with the law and enhances the effectiveness of a strong **Compliance Management System**. Respect for **human rights** – for our own majority-held shareholdings and production sites as well as at our suppliers – is another expression of our integrity-based corporate culture. The **protection of sensitive data**, within the company and in our vehicles, is another one of our top priorities. We participate in the discussion of the legal and ethical issues related to autonomous driving. We were among the initiators of the public discussion concerning these issues, and we are promoting it in various ways.

HUMAN RIGHTS

Human Rights Respect System

The Daimler Human Rights Respect System (HRRS) helps us to **respect and uphold human rights** at all Daimler locations worldwide. We use a two-stage approach to evaluate the local human rights situation, check whether there are any specific risks, and determine which measures the company has taken to mitigate them. The HRRS replaces the Human Rights Compliance Assessment (HRCA), which we employed in 19 countries until 2015. With this new system we want to take a pioneering role within the automotive industry. We gathered initial experience with the system during a pilot phase at our location in South Africa.

STAKEHOLDERS

4th Sustainability Dialogue in China

In 2016 around 200 participants, including politicians, business leaders, scientists, and representatives of non-government organizations, attended the fourth “Daimler Sustainability Dialogue” in Beijing to discuss possible solutions for current sustainability-related issues in the Chinese market. The event focused on topics such as the role of carsharing models in an age of big data as well as the legal and ethical aspects of autonomous driving. In one of the event’s highlights, participants could test drive Denza electric cars.



BRAND PROTECTION

Combating Product Piracy

The market is being swamped by more and more **fake automotive parts**. Almost all types of parts are counterfeited: from windshield wipers and wheel rims to oil filters and tie rods. However, the realistic looking “brand-name” exterior usually hides a low-quality product. If these parts are safety-relevant, customers who buy them are putting themselves in great danger. Moreover, the manufacturers of counterfeit products care as little about employee rights and fair working conditions as they do about environmental protection. That’s why our brand protection experts, together with customs officials and the police, do everything they can to stop product piracy. Large quantities of fake products are confiscated every year.



AUTONOMOUS DRIVING

Debating Ethical and Legal Questions

As we move along the path to autonomous driving, a number of legal and ethical questions need to be clarified. In particular, questions regarding ethical issues cannot be answered by automakers on their own. Instead, a broad public debate is necessary. Daimler initiated this debate early on, and has been promoting it ever since through various measures. For example, Daimler is actively involved in the Ethics Committee of the German Federal Ministry of Transport and Digital Infrastructure that was established in 2016. **Renata Jungo Brünigger**, Member of the Board of Management of Daimler AG responsible for Integrity and Legal Affairs, is a member of this committee, which consists of **14 academics and experts** in ethics, law, and technology. The legal and ethical questions related to autonomous driving were also addressed in the “Daimler Sustainability Dialogues” in 2015 and 2016.

GOALS AND CHALLENGES

Employment

Fair and trusting relationships with our employees are more than just an ethical and legal requirement for us, because we want to be a good and attractive employer for our employees. That's why we offer working conditions that meet the employees' needs – ranging from **fair remuneration, flexible working time models, and outstanding training and further education opportunities** to **comprehensive occupational health and safety measures** and the promotion of a **culture of diversity**.

The rising average age of our employees is increasing the generational diversity at our company. Although we view this development as an opportunity, it also creates new tasks and challenges. For example, we need to maintain the health and performance of all our employees. Moreover, we have to ensure that **people of different ages can cooperate productively** and we must adjust our workforce structures in line with requirements.

At the same time, we have to respond to the wide variety of often far-reaching changes that are currently defining our markets and society in general. These changes are brought about by digitization and Industry 4.0 as well as by artificial intelligence, new competitors, and changing values. We are developing responses to these challenges as part of our **Leadership 2020 initiative**.

EMPLOYEE SURVEY

Strong Commitment

Daimler achieved an extremely high Employee Commitment Index (ECI) rating of 68 points in 2016. The score improved by five points compared to 2014. In this external benchmark comparison, we are in the **top 33 percent of German companies**. The ECI is based on the results of our latest employee survey. Among other things, the survey shows how satisfied our employees are with their workplace and the extent to which they identify with the company. The participation rate was also outstanding in 2016, with 76 percent of the workforce taking part in the survey. This shows that our employees want to actively contribute to the company's further development.



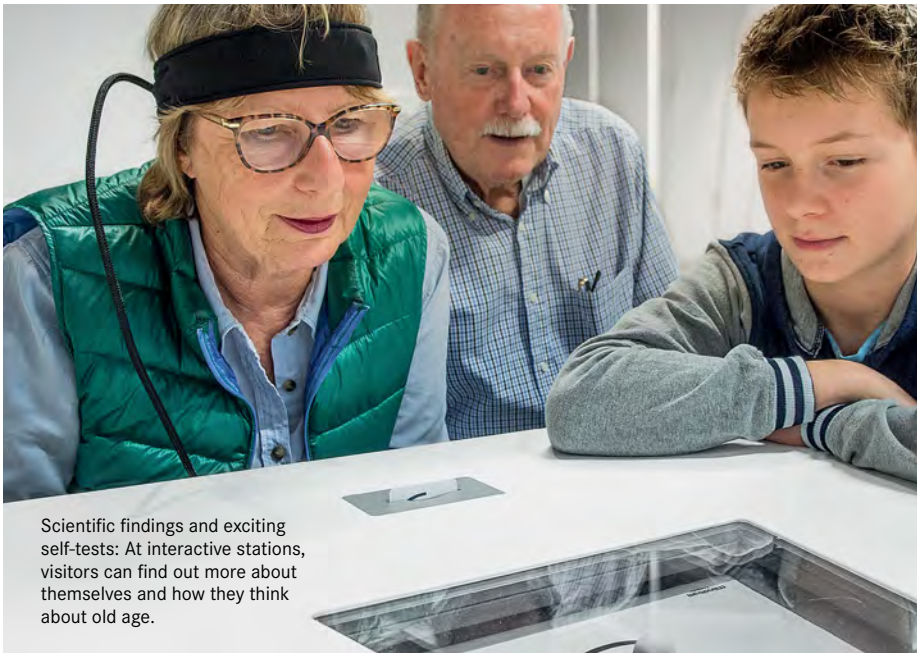
MANAGEMENT CULTURE

Leadership 2020

CHANGE THE GAME
LEADERSHIP 2020

Our business is changing at a rapid pace. This applies not only to the technology, legal conditions, and customer requirements, but also to the way we work together, communicate, and lead. In order to stay successful, Daimler has to gradually adopt a **new management culture**. To this end, we launched the Leadership 2020 initiative in 2016. **A total of 144 employees from 24 countries** and all levels of management were selected to develop recommendations for a new management culture.

Grouped in eight teams worldwide, the employees decentrally drew up new leadership approaches without having to heed any predefined requirements. On the basis of these suggestions, we defined processes and procedures for the targeted questioning, breaking up, and changing of structures for eight topic areas. We also identified eight leadership principles that will define our management behavior in the future and provide managers and employees with orientation. In this way, Leadership 2020 will generate new momentum for the future of our company.



Scientific findings and exciting self-tests: At interactive stations, visitors can find out more about themselves and how they think about old age.

GENERATION MANAGEMENT

Age = Opportunity

Over the next seven years, the average age of our employees will increase from 44.2 years to 47 years. That we consider this development to be an opportunity is demonstrated by the exhibition “**EY ALTER – Du kannst Dich mal kennenlernen,**” which is currently being shown at the Mercedes-Benz Museum in Stuttgart. At 20 interactive stations, visitors can playfully find out what they think about old age and measure their own “EY SCORE.”

➔ www.eyalter.com

STRATEGIC INITIATIVE

Zukunfts- bild

In 2016 we concluded our “Zukunfts-bild” initiative with billions of euros in investments and an agreement for safeguarding the future of our locations. Here are three examples:

BREMEN PLANT

> **200 temp workers** were given permanent jobs in Bremen, thus reducing the workload and increasing the flexibility of the plant’s entire workforce.

GERMERSHEIM FACILITY

> **€60 million** was invested in our Global Logistics Center in order to safeguard the jobs there until 2022.

HAMBURG PLANT

> **With its transformation into a high-tech facility**, the Mercedes-Benz plant in Hamburg is opening up new prospects for the employees and creating new jobs and traineeships.



SECURING YOUNG TALENT

100 Years of Training

More than 16,000 young people have been trained for a profession at the Untertürkheim plant since Mercedes-Benz began to offer training there 100 years ago. To celebrate the anniversary, Daimler CEO Dieter Zetsche personally welcomed the plant’s 245 new trainees and participants of work-study programs. **Daimler is currently training a total of about 6,300 young people in Germany.** As a result, we provide more than one-third of all the traineeships offered by German automakers.



In 1916, the Untertürkheim plant’s first apprentices were able to become metalworkers and turners. Today the plant offers traineeships for nine different professions.

17819

Responsibility & Society





GOALS AND CHALLENGES

Responsibility & Society

Business success creates new resources. We utilize these resources not only for our company, but also to promote social development. In doing so, we focus on our values, local needs, and the things we are especially good at. Together with our employees, we help to overcome **social challenges** and **promote solutions for a sustainable society**. Our global presence offers us the opportunity to co-design the social environment at our locations worldwide, and to support the **dialog between various cultures**.

One of the biggest challenges for our country and our economy is the need to **integrate the large number of people who come to Germany as refugees**. Daimler has contributed to this integration for the past several years. Our “bridge internships” that help refugees enter the German labor market have already demonstrated their effectiveness for one year now. But despite all of the successes, we have discovered that the integration process often takes more time than expected and that the obstacles are sometimes greater as well. We are nevertheless convinced that our approach is correct, and that is why we continue to promote it.



CORPORATE VOLUNTEERING

How people can achieve a lot of good with small monthly contributions is demonstrated by the approximately 100,000 Daimler employees who regularly donate the cent amounts of their net incomes. Daimler matches the employees' total sum with its own donation. Since the ProCent initiative was launched five years ago, more than **€4.9 million has been collected for charitable projects** in Germany and elsewhere in the world.

DISASTER RELIEF

Help for Haiti

In October 2016 Hurricane Matthew hit Haiti with winds of up to 220 km/h. The storm caused severe damage and killed hundreds of people. Around 1.4 million people have since then been dependent on outside assistance. In addition to the devastation, Haiti is facing a possible cholera outbreak. In cooperation with the German Foreign Ministry, Daimler is funding **aid projects of the German Red Cross**. The contributions were used to distribute 2,100 cholera sets for water purification, for example, as well as materials and tools for supporting the cleanup work and the country's severely impacted agriculture.





SYRIA CONVOY

Convoy of Hope

In February 2016, the fourth convoy of nine Actros semitrailer trucks headed to the Turkish-Syrian border. In cooperation with Wings of Help, the Daimler trucks transported **250 tons of relief supplies worth €1.25 million** to refugee camps in Turkey. The refugees particularly looked forward to the arrival of two ambulances, including a Mercedes-Benz Sprinter CDI medical vehicle. Daimler employees made the convoy possible with their donations, which the company then matched.



BRIDGE INTERNSHIPS

Entering a New Work Environment

In 2016 a total of 250 refugees took part in the first **bridge internships at 13 Daimler locations** in order to gain work experience in Germany. The foreign culture, different language, and unfamiliar working conditions posed challenges for the interns and mentors alike. In addition to working at the facilities, the interns learned German. After completing the 14-week internships, the participants had **good employment prospects** in the form of job offers or **new ideas for the future**. Daimler is currently offering around 300 additional bridge internships in manufacturing and business.



TRAFFIC SAFETY INSTRUCTION

15 Years of MobileKids

Over the last 15 years, MobileKids has been training children how to move safely in road traffic. During the anniversary year of 2016, the **traffic initiative** took a look back at its many successful activities and courses for child-appropriate traffic safety training. In **11 countries on three continents**, MobileKids provides teachers with country-specific instructional materials. The latest feature is the MobileKids app, which enables parents and children to plan a safe route to school.

➔ www.mobilekids.net



LAUREUS

Sports Help to Open Up New Opportunities

Children who gain endurance, a team spirit, and discipline through sports will also stay on the ball at school. The **Laureus Sport for Good Foundation** has already organized **over 150 projects in 35 countries**. These projects offer children and young people sports activities that open up new opportunities for their lives and personal development. They are mainly targeted at underprivileged children. Daimler has supported Laureus since its establishment in 2000.

➔ www.laureus.com



You can find comprehensive information about our sustainability activities on our website at www.daimler.com/sustainability

You can also download our 2016 Sustainability Report from there as an interactive PDF file.

In addition, an interactive key figures tool enables you to look up figures related to sustainability at Daimler according to your requirements and to compare them with key figures from previous years.

		Electrical consumption combined			CO₂ emissions combined¹	
smart fortwo electric drive		12.9 kWh/100 km			0 g/km	
smart fortwo cabrio electric drive		13.0 kWh/100 km			0 g/km	
smart forfour electric drive		13.1 kWh/100 km			0 g/km	

	Fuel	Fuel consumption combined	Fuel consumption urban in l/100 km	Fuel consumption extra-urban in l/100 km	CO₂ emissions combined¹	Efficiency class²
E 350 e Sedan	Super	2.5-2.1 l/100 km	n. a.	n. a.	57-49 g/km	A+ (automatic transmission)
E 220 d Wagon	Diesel	4.6-4.2 l/100 km	4.9-4.5 l/100 km	4.4-3.9 l/100 km	120-109 g/km	A+ (automatic transmission)

¹ The values quoted for fuel consumption and CO₂ emissions were calculated on the basis of stipulated measuring procedures (Section No. 5, 6, 6a Energy Labeling Ordinance for Cars [Pkw-EnVKV] in its current version). The figures do not refer to a specific individual vehicle and are not part of any product offering, but instead are presented solely for purposes of comparison between various vehicle types.

² On the basis of the measured CO₂ emissions, taking into account the mass of the vehicle.

The figures are provided in accordance with the German regulation 'PKW-EnVKV' and apply to the German market only. Further information on official fuel consumption figures and the official specific CO₂ emissions of new passenger cars can be found in the EU guide 'Information on the fuel consumption, CO₂ emissions and energy consumption of new cars', which is available free of charge at all sales dealerships, from DAT Deutsche Automobil Treuhand GmbH and at <http://www.dat.de>.

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