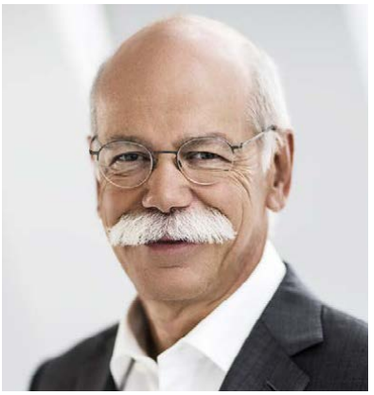
DAIMLER

Sustainability Report 2018

Editorial



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Dear Readers,

2018 has shown us that sustainability has many facets: The UN Declaration of Human Rights had its 70th anniversary. At the end of the year, the EU agreed to ban single-use plastic products in order to reduce the large quantities of plastic waste. And at the Katowice Climate Conference, a set of rules was adopted to achieve the international climate targets. We, as the Daimler Group, also stand by our social and environmental responsibilities. We are convinced that this is the only way to achieve long-term business success. That's why sustainability is an integral part of our corporate strategy and therefore an important aspect of our responsible corporate actions.

There is one topic in the automotive industry that is currently of particular interest to us: diesel engines. Our industry has itself contributed to the loss of confidence in this technology. We now have to rebuild it bit by bit. But there is one thing we must not forget: Diesel engines continue to have a CO_2 advantage over comparable gasoline engines. That's why modern diesel vehicles are also part of our sustainability efforts. We will continue to rely on them, because we must not lose sight of a much more important issue over the longer term: reducing CO_2 emissions from road traffic for the sake of climate protection. The automotive industry will continue to make a contribution to this goal.

A major step towards reducing CO_2 emissions from road traffic is the systematic electrification of our entire range of cars. More than 130 electric car variants are planned. smart will be all-electric as of 2020. And last year, the EQC had its world premiere – the first all-electric Mercedes (combined power consumption: 22.2 kWh/100 km; CO_2 emissions combined: 0 g/km, preliminary figures)[1]. We will also electrify our vans, trucks and buses. What we need for the ramp-up of our electric offensive are state-of-the-art battery cells in large numbers. That's why we are buying cells in a total volume of more than 20 billion euros. At the same time, we are continuing to expand our battery production: In the future, we plan to manufacture batteries in nine factories on three continents.

In order to assess the sustainability of electric cars fairly, we don't just look at emissions. We take a holistic approach and consider the entire lifecycle – from raw-material extraction and production to operating with the cleanest possible electricity and battery recycling. We are concerned with ecological issues and topics such as the observance of human rights in the working conditions of employees along the entire supply chain, the conscientious handling of data and new forms of cooperation. Together with partners in business, politics and civil society, we are working to live up to our responsibility in those areas.

The goal is clear: Our products, and we as a company, must generally become more sustainable. Another important stage on the way there is to change over our car plants in Germany to CO_2-neutral energy supply by 2022. The principles of the Global Compact are a central frame of reference for our efforts, and the United Nations Sustainable Development Goals and the Paris Climate Agreement provide us with important impetus. And of course, you too, dear readers. Because your feedback, especially your critical feedback, helps us to get closer to our common goal.

Sincerely yours,

Dr. Dieter Zetsche **Renata Jungo Brüngger** **Ola Källenius**

[1] additional technical details on p. 3

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Navigation. We want to offer you information that is as comprehensive and detailed as possible, and we therefore provide links to further information located both inside and outside this report. In addition, all references to online information are linked. A click on the small globe will take you directly to further information on the Internet. If you are reading this report in a PDF reader (e.g. Adobe Acrobat Reader), you can call up the linked Table of Contents in order to navigate easily through the chapters.

The following symbols in the text indicate further information:

Reference to online information (linked)

Page reference within the Sustainability Report or to the Daimler Annual Report

Reference to a table or a graphic

You can find the key figures for this report online.

Key figures tool

Labeling cover:

EQC (combined power consumption: 22.2 kWh/100 km; CO_2 emissions combined 0 g/km, preliminary figures)

Technical details (Editorial, p. 2):

[1] Figures for electricity consumption and CO_2 emissions are provisional, non-binding figures calculated by an external technical service. Figures for vehicle range are also provisional and non-binding. An EU type-approval certificate and a certificate of conformity with official figures are not yet available. The figures given above may deviate from the official figures.

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Strategy

Strategy

Our understanding of sustainability

Sustainability is one of the basic principles of our corporate activities as well as a benchmark for our success as a company. This approach means that we take advantage of the opportunities offered by sustainability for our business success while including ecological and social impacts in these considerations. Our most important corporate goal is to achieve sustainable profitable growth. To this end, we strive to be a leader in sustainability as well by taking environmental aspects and the social impact of our activities into account when formulating our business strategy. This is how we create the conditions that allow us to shape the future of mobility. In terms of our products, we are focusing on the vision of emission-free mobility. However, if we are to transform this vision into reality, we will need to address the entire value creation process. That's why sustainability is important to us not just in terms of the supply chain but also as a component of environmental protection. In addition, sustainability plays a key role at our manufacturing facilities and in the responsible handling of data. Our strategy uses specific sustainability targets to position this concern on the implementation level.

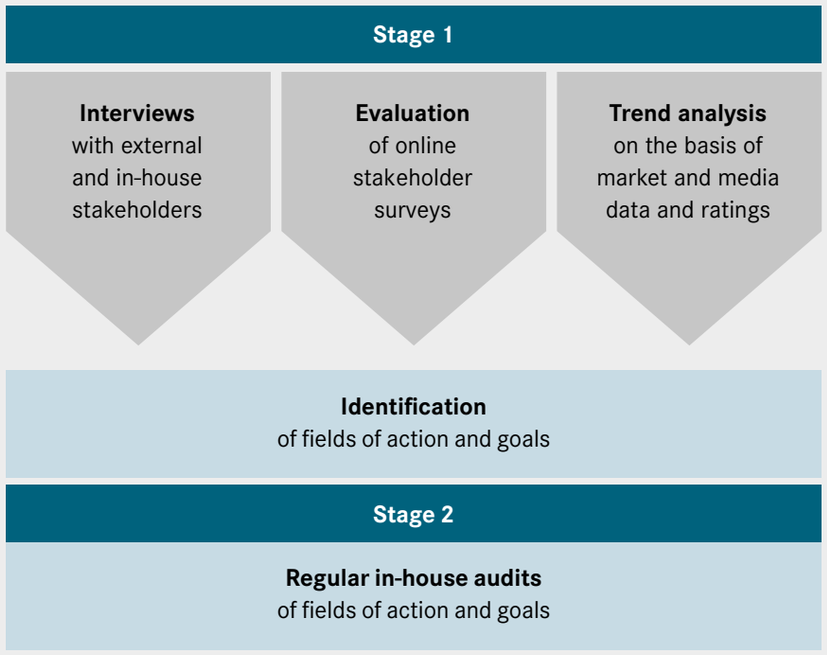
Our strategy

In order to identify and prioritize the sustainability aspects that are relevant to our strategy, we regularly conduct a multi-stage materiality analysis. This analysis combines our own assessments with those of our stakeholders, who include our shareholders and creditors, employees, customers and suppliers, as well as governments, environmental and human rights organizations and other stakeholders from civil society. Their opinions are also always requested whenever we decide on measures for expanding and adjusting the sustainability aspects of our strategy.

In the year under review, we conducted a regular internal investigation of current developments. The investigation confirmed the prioritization of key areas of action that we had established in 2017.

01

Our materiality analysis



In 2018, we continued to define the concrete details of the Sustainability Strategy 2030 that we had formulated in the previous year. As a result, the areas of action that had been defined in 2017 were even more sharply focused with regard to comprehensibility and clarity. Our activities related to sustainability concentrate on the following focal topics:

- Climate protection and air quality
- Resource conservation
- Livable cities
- Traffic safety
- Data responsibility
- Human rights
- Integrity, people and partnerships.

Our areas of focus for sustainability are also reflected in the structure of this report, which is somewhat different from the format we used last year. Nevertheless, the report was once again produced in accordance with the new Sustainability Reporting Standards of the Global Reporting Initiative (GRI).

Report profile, pp. 118 ff.

We define specific targets and target indicators in order to effectively integrate into our corporate strategy the various sustainability aspects related to our key areas of action.

Sustainable Development Goals (SDGs) are part of the agenda set by the United Nations for sustainable development worldwide. There are 17 such goals, and the innovative spirit of companies, as well as the extensive investments they make, will play a major role in the achievement of these goals. We therefore used the SDGs as a basis for the Sustainability Strategy 2030 that we formulated in the previous year. During the year under review, we focused on incorporating the SDGs into our ongoing business operations to a greater extent than before. For example, employees from our various specialist departments took part in the "Breakthrough Innovation" action platform organized by the UN Global Compact. The platform promotes the use of innovative technologies as a means of achieving the SDGs. The goal of our participation here was to link our existing innovation processes and associated activities more closely with the SDGs.

Within the framework of our strategy, we are focusing on those SDGs that are significantly influenced by our business model and our value chain – i.e. SDGs related to areas where we can actually bring about change. This mainly affects the following SDGs and the associated sustainability activities:

- **SDG 8** – Decent Work and Economic Growth
  By developing and implementing a risk-based management approach to respecting and upholding human rights in our own units and our supply chain, we support the implementation of decent work as defined by SDG 8.

- **SDG 9** – Industry, Innovation and Infrastructure
  Through the advanced development of automated and autonomous driving and the expected benefits for safety and climate protection, we demonstrate the long-term potential of digital innovations.

- **SDG 11** – Sustainable Cities and Communities
  Daimler promotes sustainable mobility in urban areas through its offerings in the areas of car sharing, ride hailing and the multimodal linking of mobility services (Mobility as a Service).

- **SDG 12** – Responsible Consumption and Production
  By significantly reducing the use of primary raw materials for electric drive systems and reinforcing the material cycles of primary raw materials that are needed for our e-drive system, we are setting the course for sustainable production models in line with this SDG.

- **SDG 13** – Climate Change
  Through our initiative "The Road to Emission-free Driving" and the reduction targets it sets for our fleet emissions, we are helping to protect the planet from the effects of climate change.

Sustainable corporate management

Our governance structure consists of the Board of Management and the Supervisory Board, and corresponds to the dual leadership structure required by German law for a stock corporation. Accordingly, the Board of Management manages the company while the Supervisory Board monitors and advises the Board of Management. The two bodies work together very closely for the welfare of the company and are guided in their efforts here by the German Corporate Governance Code.

Within the framework of the variable remuneration component for Board of Management members, non-financial goals related to sustainability are defined for the Board of Management as a whole. These goals include the further development and perpetuation of our corporate value of integrity.

Remuneration Report: AR 2018, pp. 120 ff.
Report of the Supervisory Board: AR 2018, pp. 46 ff.

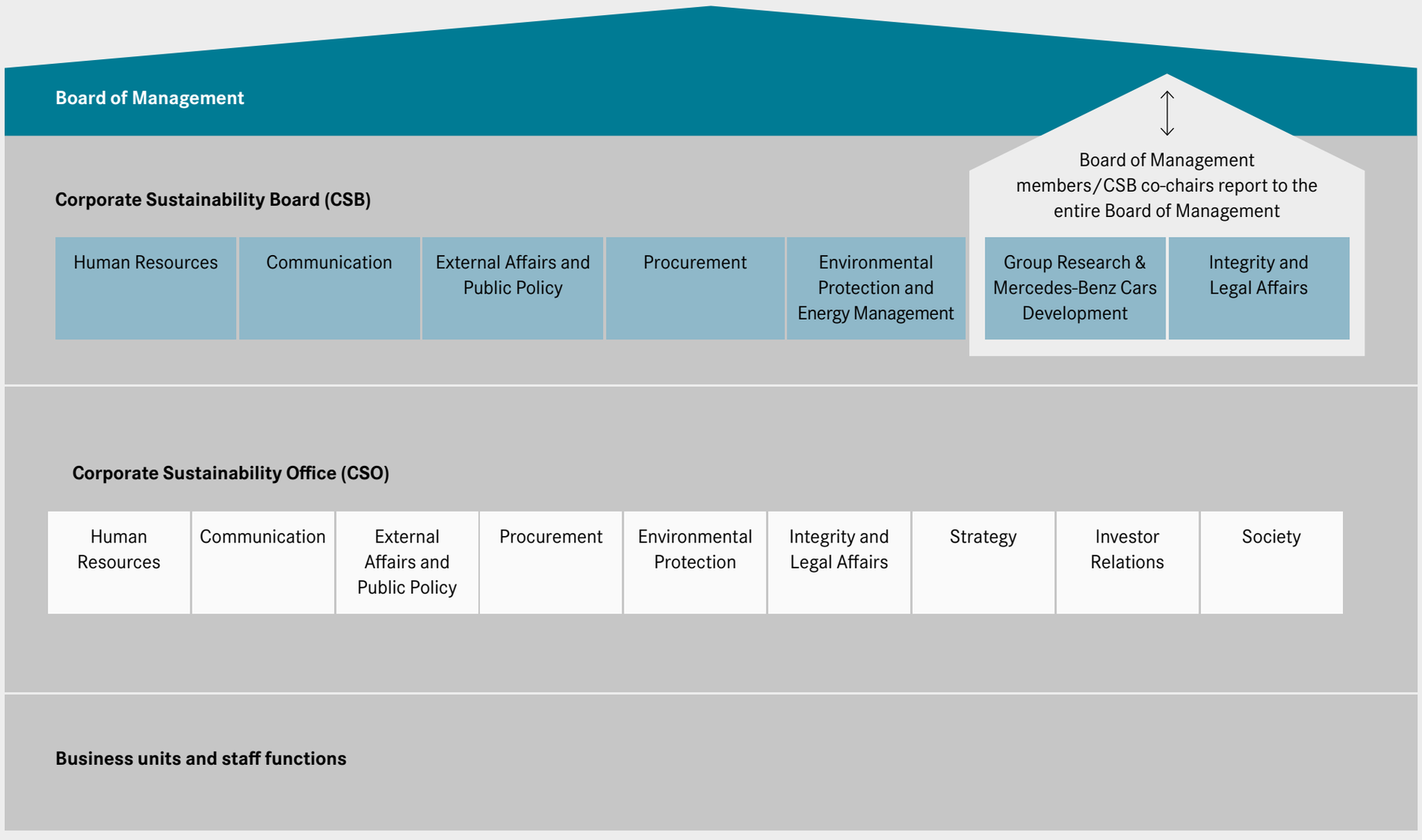
Within the framework of our sustainability management system, we steer our sustainability program in a manner that enables us to verify the implementation of its objectives and thus promote continuous improvement. Our management and organizational structures support this process by establishing clear lines of responsibility in all business divisions.

Our sustainability objectives and their management are part of our corporate governance system and are also included in the targets of our executives.

The Corporate Sustainability Board (CSB) is our central management body for all sustainability issues. The CSB is headed by Renata Jungo Brüngger (the Board of Management member responsible for Integrity and Legal Affairs) and Ola Källenius (the Board of Management member responsible for Group Research & Mercedes-Benz Cars Development). The operational work is done by the Corporate Sustainability Office (CSO), which consists of representatives from the specialist departments and the divisions.

02

The sustainability organization at Daimler



Integrity, compliance and legal responsibility are the cornerstones of our sustainable corporate governance and serve as the basis of all our actions. We view integrity and values-based compliance as firm elements of our corporate culture and our daily business activities – elements that contribute to our company's lasting success. The basis for this is our Integrity Code, which defines guidelines for our everyday business conduct, offers our employees orientation and helps them make the right decisions even in difficult business situations. The Integrity Code is supplemented by other in-house principles and guidelines.

The ten principles of the UN Global Compact provide a fundamental guideline for our business operations. As a founding member and part of the LEAD group, we are strongly committed to the Global Compact. Our internal principles and guidelines are founded on this international frame of reference and other international principles, including the Core Labor Standards of the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The House of Policies is our digital platform for guidelines. All internal policies of the Group and works agreements are compiled here in a user-friendly Enterprise Regulations Database (ERD), which is accessible to all employees. The policies are available in up to 23 languages. Here employees can access a compact e-training course about guidelines, and Group companies can receive advice on the local management of policies.

Integrity Code (PDF)
Our Environmental and Energy Guidelines in detail (PDF)
Supplier Sustainability Standards (PDF)

Statutory quota for women almost reached. With three women on the shareholders' side and three women on the side of the employee representatives, we have almost achieved the 30 percent quota for women on supervisory boards that is required at listed companies. Women account for 25 percent of the members of the Board of Management. We want women to occupy 20 percent of management positions by the year 2020. The share of women in such positions worldwide stood at 18.8 percent at the end of 2018.

Composition of the Board of Management and the Supervisory Board: AR 2018, pp. 195 and 198 ff.
Promotion of women in management positions, p. 97

Risk management

The risk management system with regard to existence-threatening and other material risks is integrated into the value-based management and planning system of the Daimler Group. It is an integral part of the overall planning, management and reporting process in the legal entities, divisions and corporate functions. The risk management system is intended to systematically and continually identify, assess, control, monitor and report risks threatening Daimler's existence and other material risks, in order to support the achievement of corporate targets and to enhance risk awareness at the Group.

The Daimler Group is exposed to a large number of risks that are directly linked with the business activities of its divisions or which result from external influences. A risk is understood as the danger that events, developments or actions will prevent the Group or one of its divisions from achieving its targets. At the same time, it is important for the Daimler Group to identify opportunities so that they can be utilized in the course of its business activities, thus safeguarding and enhancing the Group's competitiveness.

Group Risk Management Committee (GRMC). The organizational embedding and monitoring of risk and opportunity management takes place through the risk management organization established at the Group. In this context, the divisions, corporate functions and legal entities are requested to report on concrete risks and opportunities at regular intervals. This information is passed on to Group Risk Management, which processes the information and provides it to the Board of Management

and the Supervisory Board as well as to the Group Risk Management Committee (GRMC). The GRMC is composed of representatives of Accounting & Financial Reporting, the Legal Department, Compliance, Technical Compliance and Group Security, and is chaired by the Board of Management Member for Finance & Controlling/Daimler Financial Services. The internal auditing department contributes material findings on the internal control and risk management system.

Responsibility for **operational risk management** and for the risk management processes lies directly with the divisions, corporate functions and legal entities.

Reports regarding the current risk situation and the effectiveness, functionality and appropriateness of the internal control and risk management system are regularly presented to the Board of Management and to the Audit Committee of the Supervisory Board of Daimler AG. Furthermore, the responsible managers regularly discuss risks and opportunities out of business operations with the Board of Management.

Comprehensive risk report: AR 2018, pp. 143 ff.

Local risk management plays an important role at our locations. Environmental risk management helps us recognize and address potential environmental risks at the Group's production facilities. Due diligence assessments are regularly conducted for this purpose. Every five years, the associated teams visit all of the locations and evaluate them according to predefined standardized methods. The results are reported to the plant and divisional managements and the company annually assesses the specified improvement measures. Our environmental management systems also enable clear areas of responsibility and transparent reporting at all of our production facilities around the world. Approximately 98 percent of our employees work at locations with environmental management systems certified according to ISO 14001.

Human rights, pp. 71 ff.

The social and environmental impact of road traffic produces important business-specific risks for us. As a result of the diesel controversy, public criticism has been leveled against the automotive industry, including Daimler. We therefore must make every effort to reduce the CO_2 and pollutant emissions of our new vehicles through the use of our new engines and drive system concepts. Technologically enhanced retrofit solutions reduce the pollutant emissions of older vehicles in selected emission classes that are still being driven by customers.

Detailed information on non-financial risks: AR 2018, pp. 156 ff.

Involvement with stakeholders

We consider it important to engage in a continuous dialog with all of our interest groups so that we can bring together various perspectives on our involvement with sustainability issues, address future trends early on and share experiences. We also want to engage in constructive discussions of controversial themes at a very early stage. We always focus on conducting a dialog that is successful and productive for both sides. In order to conduct this kind of dialog, we need to identify our stakeholders. We define our stakeholders as individuals and organizations that have legal, financial, ethical or ecological expectations regarding Daimler. One of the criteria for identifying and weighting stakeholders is the extent to which a person or group is affected by our company's decisions or, conversely, is taken into account in such decisions. Our primary stakeholders are our shareholders, creditors, employees, customers and suppliers. However, we also communicate regularly with civil groups such as NGOs, as well as associations, trade unions, the media, analysts, municipalities, residents and neighbors in the communities where we operate and representatives of science and government.

03

Examples of instruments of stakeholder dialog

Information	Dialog	Participation
- Daimler Sustainability Report as well as regional reports (such as the Daimler China Sustainability Report) - Sustainability newsletters and magazines - Environmental declarations by the plants - Press and public-relations work - Corporate website - Blogs and social media - Social intranet and internal communication - Plant tours, receptions, Mercedes-Benz Museum	- Annual “Daimler Sustainability Dialogue” (Germany/regions) - Local dialog with residents and municipalities - Internal dialog events on integrity and compliance - Daimler Supplier Portal - Membership of sustainability initiatives and networks - Collaboration in the BDI workgroup on artificial intelligence - Specialist conferences on societal topics and debates - Topic- and project-related discussions - New dialog formats on future questions: think tanks, hackathons, idea competitions	- Stakeholder consultation in topic-related work groups - Advisory Board for Integrity and Corporate Responsibility - Peer review within the framework of sustainability initiatives such as the UN Global Compact

Dialog at the Group level. In order to implement the dialog with our stakeholders throughout the Group, we have defined clear areas of responsibility, communication channels and specific dialog formats. The proactive dialog with our stakeholders is initiated by experts from the Integrity and Legal Affairs department and coordinated by our corporate sustainability bodies. One essential tool of the dialog with our stakeholders is the “Daimler Sustainability Dialogue,” which has been held annually in Stuttgart since 2008 and brings various stakeholder groups together with members of our Board of Management and executive management. The participants attend a range of workshops, where they discuss issues related to sustainability and work together to address them. The Daimler representatives responsible for specific themes take up the impulses from the discussions and work together with the stakeholders to incorporate these ideas into their work throughout the year. They then report at the event in the following year on the progress made in the interim. We held our eleventh “Daimler Sustainability Dialogue” in Stuttgart during the year under review. The evening before the event was devoted to sustainability issues related to electric mobility. In a creative ideas workshop called “Smart Cities,” experts from various units worked out sustainable solutions to everyday urban problems. On the main day of the event, about 200 stakeholders split up into eight working groups to discuss themes such as data ethics, the market penetration of electric vehicles and digitalization in the work environment.

As a global company, we have set ourselves the goal of implementing sustainability standards at our business units and specialist departments around the world. To this end, we organize "Daimler Sustainability Dialogue" events in other countries and regions as well. Such dialog events have been held in China, Japan, the United States and Argentina. During the year under review, more than 200 stakeholders attended the sixth "Daimler Sustainability Dialogue" in Beijing, where they discussed topics relating to sustainable production, innovation, artificial intelligence and integrity and legal affairs.

The Advisory Board for Integrity and Corporate Responsibility has been an important source of input for sustainability activities at Daimler since 2012. The board's members – external experts from the fields of science and business, as well as from civic organizations – utilize an external point of view to offer critical and constructive support for the integrity and corporate responsibility process at Daimler. The board meets at regular intervals and holds discussions with members of the Board of Management and other Daimler executives. Its members have extensive experience and possess a variety of specialized knowledge regarding environmental and social policy, various human rights and ethical issues, and the development of transport, traffic and mobility. During the year under review, the Advisory Board addressed, among other things, the further development of our culture of integrity, electric mobility, mechanisms for dealing with complaints, mobility services and data responsibility.

We also maintain contact with representatives from civic organizations and other companies, and we participate in various associations, committees and sustainability initiatives. The most important initiatives here are the UN Global Compact and Econsense – a German business forum for sustainable development.

Overview of our most important memberships (PDF)

We also utilize online and print media, discussions with experts, workshops and local and regional dialog events for our dialog with stakeholders. In addition to the formally structured dialog, we receive inquiries from stakeholders concerning various sustainability-related topics. These inquiries are addressed directly by specific specialist departments and units in a decentralized manner. This approach brings our stakeholders closer to our business operations and enables specialized knowledge to be directly incorporated into the dialog. Individual inquiries from stakeholders are also reported on in the meetings of our sustainability bodies and committees and are thus taken into consideration in the strategic decisions made by our sustainability management organization. Our sustainability bodies also coordinate dialog with our stakeholders on interdisciplinary issues.

Dialog at the local and regional levels. We also engage in a dialog with the stakeholders at our locations. In connection with specific occasions and projects, we address questions, concerns, criticism and suggestions made by stakeholders and conduct an open-ended dialog with them. We also stage proactive dialog and information events on current topics. The results of all of our dialog measures are incorporated into decision-making and decision-implementation processes at the company. A current example of this approach involves the sustainable further development of the Rastatt plant. The transformation process here focuses on electric mobility and the associated need for additional factory space. Together with officials of the city of Rastatt, we searched for potential locations for a plant extension in the vicinity of the current plant and took into account the suggestions and recommendations made by stakeholder groups, including nature preservation and environmental organizations, property owners, tenants and leaseholders, neighboring communities and municipal agencies. We also continue to keep the public up to date with various dialog and information events, including civic dialogs, meetings with affected individuals and organizations, and plant tours.

Climate protection and air quality

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Climate protection as it relates to our vehicles

We are in the process of deriving specific targets for all of our business divisions regarding the reduction of our products' CO_2 emissions. These targets refer to the period until 2030 and will be binding on the Daimler Group worldwide.

The new climate protection targets for our vehicles are currently in the internal coordination process. Details of new European CO_2 legislation for cars and light commercial vehicles were released in December 2018. A final decision will also soon be made about reduction targets for trucks and buses for 2025 and 2030 – and we will now focus on meeting the associated requirements. In addition, quotas for electric vehicles, which may have to be taken into account when defining our targets, are now being discussed worldwide. Furthermore, the market demand for electric vehicles is strongly dependent on how rapidly the necessary charging infrastructure becomes available – and this is yet another source of uncertainty. Our current reduction target for driving operation (tank-to-wheel) in the NEDC is -44% (2007–2021) for cars in the new-vehicle fleet in the EU. We continue our efforts to meet this target, as we expect significant additional reductions in the coming years.

-44% CO_2 for cars
in new-vehicle fleet in the EU (2007–2021)

-10% CO_2 for vans
in new-vehicle fleet in the EU (2014–2018)

One of the most important means of reducing the CO_2 emissions of our fleets is the hybridization and electrification of our vehicles' drive systems. We therefore have committed to make correspondingly large investments in research and development.

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The Paris accord on climate protection aims to limit global warming to significantly less than two degrees Celsius compared with the preindustrial level. It requires a significant intensification of measures, in particular more stringent CO_2 targets for all countries and sectors.

Environmentally responsible vehicle development. We develop products that are especially environmentally friendly and energy-efficient in their respective market segments. A vehicle's environmental impact is largely decided during the first stages of its development. The earlier we integrate environmentally responsible product development (Design for Environment, DfE) into the development process, the more efficiently we can minimize the impact on the environment. That is why continuous improvements in environmental compatibility are a major requirement in the creation of the product performance specifications. For every vehicle model and every engine variant, we have requirement specifications that define the characteristics and target values that must be achieved. These specifications include requirements concerning fuel consumption and emissions limit values for CO_2 and nitrogen oxides. During the development process we regularly monitor compliance with these specifications.

Evaluating the environmental compatibility of a vehicle requires an analysis of the emissions and use of resources throughout the entire life cycle.

Mercedes-Benz models with environmental certificates. In 2005, Mercedes-Benz became the world's first automaker to publish product-related environmental information (360° environmental check) within the framework of environmentally compatible product development in accordance with the ISO TR 14062 and ISO 14040/14044 standards. Since 2012, the brand has also met the requirements of the ISO 14006 international standard regarding integration of environmentally compatible product development into an overarching environmental and quality-management system. Such compliance has been confirmed by the TÜV SÜD Management Service GmbH technical service company.

Mercedes-Benz models with environmental certificates (360° environmental check)

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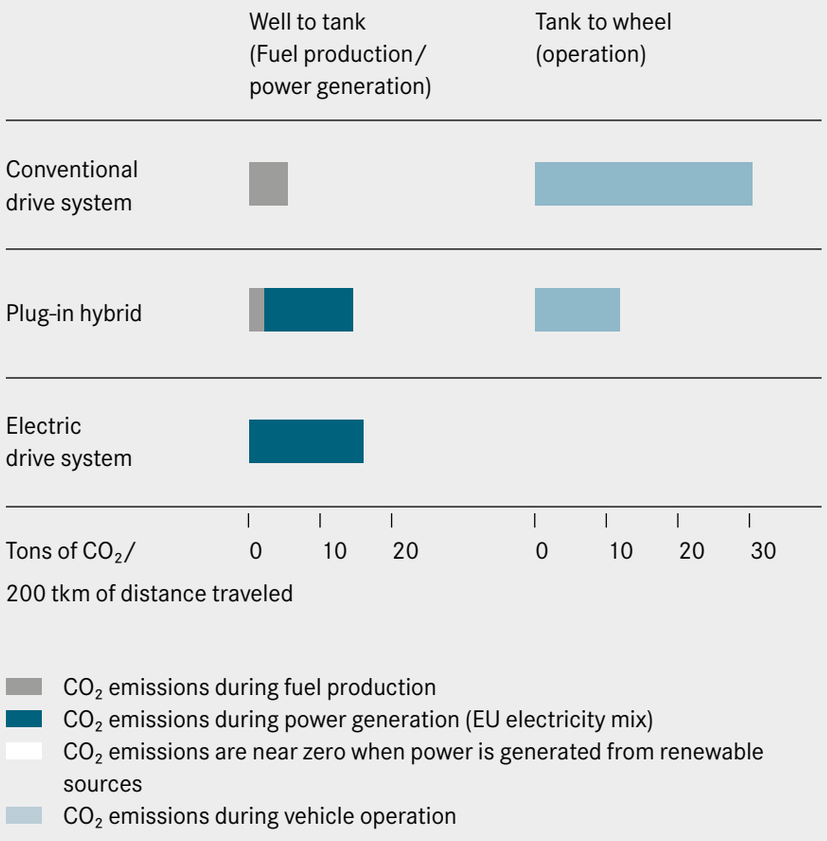
CO_2 emissions throughout the use phase — well to wheel (schematic)



Our future target system. The largest share of primary energy consumption and CO_2 emissions over the life cycle of a vehicle is attributable to the automobile's operation. In the case of a passenger car with a combustion engine it is about 80 percent.

One weakness of this kind of life cycle assessment is that it doesn't take into account the production of the fuels or, as is the case with electric vehicles, the generation of the electricity by a power plant. We have therefore set ourselves the goal of also considering the CO_2 emissions holistically, as part of our sustainability strategy.

In addition to the CO_2 reduction targets for operating status, in the future we will also report on the contributions from the production of the fuel and the generation of the electrical energy.

Innovative vehicle and powertrain technologies

Our goal is to also safeguard mobility for the generations to come. That is why we strive to offer our customers safe, efficient and low-emission vehicles and services. A core element of our approach here is to achieve a drive-system mix that is tailored to the market requirements. Our "Road to Emission-free Driving" initiative defines the primary focal points for developing new, extremely fuel-efficient and environmentally friendly drive-system technologies at all of our automotive divisions:

- further development of our vehicles equipped with state-of-the-art combustion engines in order to achieve significant reductions in consumption and emissions,
- further efficiency increase through hybridization, and
- electric vehicles with battery and fuel-cell drive.

Our fuel roadmap. We are also involved in the research and testing of alternative fuels. We consider this another important option for avoiding emissions and becoming more independent of fossil energy sources. Our fuel roadmap points the way toward the optimization of today's fossil fuels and the use of natural gas-based fuels, synthetic fuels and biofuels, as well as hydrogen and electricity generated from renewable sources. We believe that the use of biofuels is only beneficial and promising if they are not produced in competition with food and their sustainability is assured. In the future, renewably produced synthetic fuels can also make an additional contribution to achieving the climate targets.

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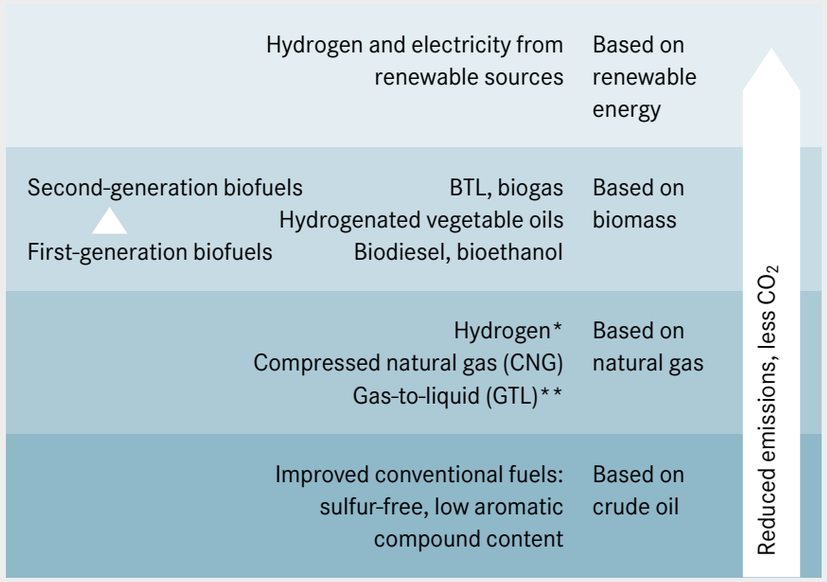
Daimler's fuel roadmap



*Via steam reforming
**WtW CO_2 emissions comparable to diesel fuel

Fuel and emissions calculator

Fuel economy training. Fuel consumption can be reduced by as much as 10 percent through an economical and anticipatory driving style. Our Mercedes-Benz Eco Training programs for drivers of cars and commercial vehicles show how this can be done. All of our owner's manuals also offer tips on how to conserve fuel.

Eco Training for car drivers
Eco Training for truck drivers (available in German only)
Eco Training for fleet managers and business owners (available in German only)
Eco Training for bus customers

CO_2 emissions from our car fleet. In the year under review, the average CO_2 emissions of the total fleet of Mercedes-Benz Cars in Europe increased to 132 (2017: 125) g/km (NEDC).

The transition from the NEDC to the WLTP as the legally stipulated CO_2 emission measurement cycle for individual vehicles has led to a significant increase in our fleet emission values. At the same time, the shift of sales from vehicles with diesel engines to cars powered by gasoline engines, as well as a further increase in sales of large SUVs and all-wheel-drive vehicles, have contributed to a higher CO_2 value for our fleet.

Because all vehicle models will have been certified in accordance with the WLTP by September 2019, we expect only a slightly lower CO_2 value for our fleet in 2019, in spite of further progress in reducing our vehicles' fuel consumption. Our vehicle electrification measures are expected to lead to a dramatic decrease in our fleet's CO_2 emissions in 2020.

The new WLTP test cycle. Since September 2017, all of our new car types in Europe have been certified according to the Worldwide Harmonized Light Vehicles Test Procedure (WLTP). This test procedure includes numerous changes compared to the previous New European Driving Cycle (NEDC). The changes include higher average and maximum speeds, more dynamic handling, gliding inertial masses instead of inertia classes, a smaller standstill share of total fuel consumption, and consideration of special equipment and the quiescent current requirement. Overall, these changes are leading to more realistic, but also higher, fuel economy values.

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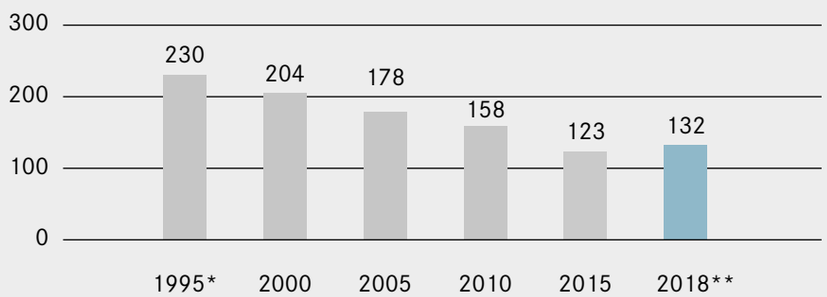
According to the legal requirements, until 2021 automakers must calculate the CO_2 emissions of their vehicle fleets in Europe by using a predefined formula to convert the vehicles' WLTP values back into NEDC values. This explains why every new vehicle is certified according to the WLTP although the European CO_2 emission value of the automaker's fleet is still indicated as the NEDC value. The legislators want to ensure the comparability of the automakers' fleet values in the period until 2022, when a new limit value will come into force.

Further information about the WLTP

06

Development of average CO_2 emissions of the Mercedes-Benz Cars vehicle fleet in Europe (EU 28)

CO_2 emissions according to the New European Driving Cycle (NEDC) in g/km



* including vans registered as M1 vehicles – all other years without vans
** M1 vehicles: 134 g CO_2/km

We continue to work hard to meet all statutory CO_2 requirements, including the very challenging EU limits for 2021. However, reaching these fleet targets will depend not only on offering appealing and highly efficient vehicles with electric drives, but also on our customers' actually deciding to buy those models. In order to optimally position ourselves in this respect, we are systematically changing over our product range to the latest engine generations, and are also systematically electrifying our portfolio with plug-in hybrids and all-electric vehicles.

Fleet values in the US. In the US, fleet values are regulated by two co-regulating standards for the reduction of greenhouse gases in vehicle fleets: the Greenhouse Gas Standards (GHG) and the Corporate Average Fuel Economy Standards (CAFE). Separate target values are set for cars and light commercial vehicles for each manufacturer. If a manufacturer does not meet the GHG standards, the Environmental Protection Agency (EPA) identifies the vehicles from the manufacturer's fleet to which the overrun of the limit is attributable. A penalty payment is then imposed on all affected models.

The CAFE fleet value for each model year is determined on the basis of the number of vehicles sold and their respective fuel economy figures. The higher the value, the more efficient are the vehicles in a fleet. For every 0.1 mile per gallon below the specified limit, the manufacturer is required to pay the government a fine of US$14.00 per vehicle produced for sale in the United States.

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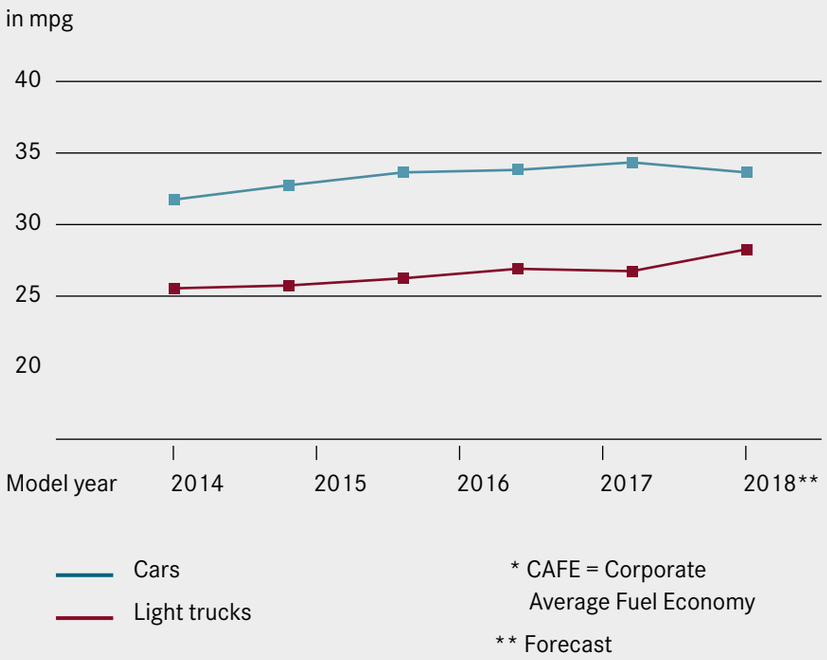
Daimler: CAFE* values for cars and light trucks in the US



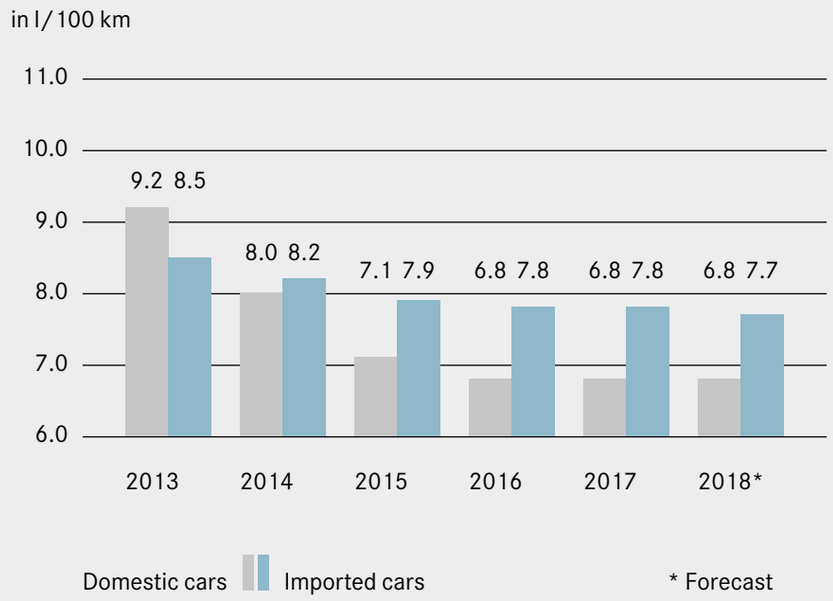
MY17 is the first year in which we are allowed to use AC and Off-Cycle credits towards CAFE

The CAFE fleet figures for the CO_2 emissions of Daimler vehicles in the United States have improved by 13 percent for cars and 15 percent for light commercial vehicles (forecast) over the last six years. Our target is to reduce the fleet consumption of our cars and light trucks on the US market by 25 percent up to and including the model year 2019 as compared to 2012, which is the base year for the currently valid CAFE regulations. At the moment, we have yet to reach the defined target corridor for these reductions.

Fleet values in China. In China, domestically produced and imported cars are assessed differently. Differentiations are also made between 16 weight classes. The fleet fuel economy target relative to the weight of Daimler's domestic fleet was 6.8 liters/100 km, and the actual value achieved in 2018 was also 6.8 liters/100 km. The target for imported vehicles was 7.1 liters/100 km, and 7.7 liters/100 km was achieved. We have set ourselves the target of reducing the fleet consumption of our cars in China by 25 percent in the period from 2012 (the base year of the current fuel economy regulations) to 2019. The current values show that we have already reached this target for domestic vehicles and that we have achieved more than 90 percent of the target for imported vehicles.

08

Daimler fleet fuel consumption in China



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Legal limits on the fuel consumption and/or CO_2 emissions of car fleets exist today in many other markets as well, although the target values differ from market to market. The relevant countries here include major sales markets for our products – for example Canada, Japan, South Korea, Mexico, Brazil, Switzerland, Australia and Saudi Arabia. We make every effort to comply with the legal limits in all of these markets.

CO_2 emissions of our vans. An EU directive on the emissions of vans with a curb weight of up to 2,585 kilograms entered into force in 2011. The regulation stipulates that beginning in 2017, the average emissions of such vans may not exceed 175 g CO_2/km. As of 2020, the CO_2 level will drop to 147 g CO_2/km. Taking into account vehicle weight, Mercedes-Benz vans had to comply with a maximum CO_2 fleet level of 213 g CO_2/km in 2018. However, our vans were already lower than that level in 2014. The projected level for Mercedes-Benz vans for 2018 is 187 g/km, and we expect to achieve a further reduction to 184 g/km in 2019. While the fuel consumption figures for several models are increasing slightly as a result of the introduction of the new WLTP testing procedure, this increase is being offset by the launch of new and economical models, as well as the electric Vito van.

We had set ourselves the goal of reducing the CO_2 emissions of our light commercial vehicles in the EU by more than 10 percent for the period 2014–2018; however, our reduction of 6 percent means we failed to achieve this goal.

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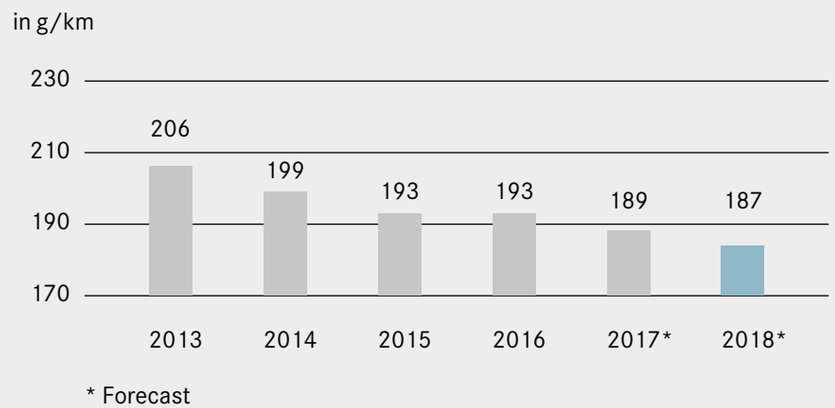
Development of average CO_2 emissions of the Mercedes-Benz Vans vehicle fleet in Europe (EU 28)



CO_2 emissions of our heavy-duty trucks in Europe and North America. In 2018 we were able to achieve 80 percent of our target of an average 20 percent reduction in the fuel consumption of our entire fleet in the EU for the period 2005–2020. The associated reduction values were calculated on real-world standardized test tracks. Further efficiency enhancement measures are planned for 2019.

In North America, we achieved 80 percent of our target of a 10 percent reduction in the fuel consumption of a reference Cascadia for the period 2015–2019. We will also be launching a new fuel-efficiency package in North America in 2019.

Fuel consumption of our buses in Europe. We have achieved 90 percent of our target of a 20 percent reduction in the fuel consumption of our coaches over 18 tons GVW for the period 2005–2020 and 100 percent of the same target for city buses over 18 tons GVW. The introduction of the Citaro Compact Hybrid played a major role in the latter achievement. Here, fuel consumption is calculated using the realistic SORT cycle method.

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Electric mobility for everyone. Mercedes-Benz Cars plans to significantly expand its range of electric vehicles over the coming years. Daimler assumes that by the year 2025, electric models will account for between 15 and 25 percent of Mercedes-Benz Cars' unit sales. To that end, we plan to launch more than ten all-electric cars in all segments, from the smart to the large SUV. We are investing approximately €10 billion in the expansion of our electric fleet and more than €1 billion in the development of battery production. We are developing an independent modular and scalable electric-vehicle platform that will enable us to offer a high degree of flexibility in terms of variants and models.

EQ – our brand for electric mobility. All of the electric vehicles and electric mobility services offered to Mercedes-Benz Cars customers have been consolidated under our new EQ brand, which stands for "Electric Intelligence." Together with partners, we are investing in the establishment of a charging infrastructure, especially on major highways in Europe. We have designed our production network in a manner that allows us to manufacture our electric vehicles alongside the corresponding vehicles equipped with combustion engines on the same production lines at all of our key plants worldwide. This ensures that we can react with sufficient flexibility to any changes in demand for electric vehicles. In line with producing electric vehicles, we are also expanding the production of batteries.

World premiere of the EQC[1]. We presented our first model under the EQ brand name – the all-electric Mercedes-Benz EQC on September 4, 2018, in Stockholm. The EQC offers electric mobility suitable for everyday travel in combination with the quality and comfort typical of the Mercedes-Benz brand. This SUV has a compact electric drivetrain at both the front and rear axles, which gives the vehicle the handling of an all-wheel drive model. The two electric drive components have a combined output of 300 kW, which ensures dynamic handling. Thanks to its intelligent operating strategy, the EQC achieves an electric range of more than 430 kilometers (according to the WLTP). Only the front electric machine powers the vehicle in low to medium load conditions, while both electric machines act as generators when maximum recuperative deceleration needs to be achieved.

The EQC is equipped with an onboard charger (OBC) with an output of 7.4 kW as standard, making it suitable for charging at home or at public charging stations. Depending on the charging system used, the EQC can be charged with a maximum output of 110 kW. It takes around 40 minutes to charge the battery from 10 to 80 percent capacity.

Beginning in 2020, all smart models will be offered exclusively as EQ models with an all-electric drive system: smart EQ fortwo (combined power consumption: 20.1–12.9 kWh/100 km; CO_2 emissions combined: 0 g/km)[2], smart EQ fortwo cabrio (combined power consumption: 20.2–13.0 kWh/100 km; CO_2 emissions combined: 0 g/km)[2], and smart EQ forfour (combined power consumption: 20.8–13.4 kWh/100 km; CO_2 emissions combined: 0 g/km)[2].

In the future, we want drivers of EQ models to be able to charge their vehicles with an output of up to 350 kW on major European highways at fast-charging stations operated by IONITY, which manages Europe's leading high-power charging network. Plans call for the electricity used to charge Mercedes-Benz EQC vehicles to be produced from renewable sources in order to keep the electric vehicles' CO_2 footprint small.

The GLC F-CELL (hydrogen consumption combined: 0.34 kg/100 km, CO_2 emissions combined: 0 g/km, power consumption combined: 13.7 kWh/100 km)[2] is another fully electric vehicle. This SUV, which has been delivered to the first selected customers since late 2018, can run on electricity as well as hydrogen because it is equipped with a lithium-ion battery in addition to its fuel cell. Intelligent interplay between the battery and the fuel cell, as well as short refueling times, make the GLC F-CELL a dynamic and practical vehicle for long-distance travel. Two tanks with a carbon-fiber outer layer in the vehicle floor hold 4.4 kg of hydrogen.

[1] Technical details and statements about power consumption and CO_2 emissions on p. 2.

[2] Information on power respectively hydrogen consumption and on CO_2 emissions is provisional and has been determined by an external technical service for the certification procedure in accordance with the provisions of the WLTP test procedure; the figures are non-binding and have been correlated with NEDC values. EU type approval and a certificate of conformity with official figures are not yet available. The figures given above may deviate from the official figures.

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Thanks to 700-bar tank technology, the hydrogen tank can be refilled within just three minutes – as quickly as one is used to filling the tank of a conventional car. With hydrogen consumption of approximately 1 kg/100 km, the GLC F-CELL[1] achieves about 430 hydrogen-powered kilometers in the NEDC; in hybrid mode, up to 51 kilometers are added when the battery is fully charged. And driving dynamics are ensured by an output of 155 kW.

New electric DENZA 500. Daimler and BYD Automotive Industry presented the new battery-electric DENZA 500 in 2018. Developed especially for the Chinese market and produced by the Shenzhen DENZA New Energy Automotive joint venture, the new DENZA 500 offers Chinese customers a comprehensive upgrade with a new exterior design, expanded connectivity services and an extended electric range. For example, DENZA drivers can now use the DENZA smartphone app, a WeChat account or their car's navigation system to quickly locate any one of the more than 112,000 charging stations located throughout China. In addition, the new battery combined with a lower vehicle weight leads to greater energy efficiency and thus a range of up to 500 kilometers.

Driving and saving with electric cars. Those who want to drive economically with an electric vehicle should pay attention to a number of special aspects, because not everything that applies to vehicles with combustion engines is also helpful here.

Driving and saving with electric vehicles (PDF)

Electrification of commercial vans has begun with the eVito. Mercedes-Benz Vans plans to offer all its commercial van model series with electric drive systems. The initial step was taken with the launch of the mid-size eVito in November 2018. The eVito is the second all-electric production model from Mercedes-Benz Vans; the first was the Vito E-Cell in 2010. With a range of 149–189[2,3] kilometers, the mid-size van is thus perfect for inner-city deliveries and other commercial operations. The battery can be fully charged in about six hours. In addition, customers can choose between two options with regard to top speed: a maximum of 80 km/h for city traffic and urban areas, while also conserving energy and increasing the vehicle's range, or a maximum of 100 km/h or 120 km/h if required for driving on highways. The electric Vito for goods transport will be followed by the eVito Tourer for passenger transport and the eSprinter in 2019.

Sprinter with electric drive and fuel cell. The Concept Sprinter F-CELL is a partially integrated concept camper that shows how fuel cell technology might be used in the future. The vehicle's most important features are its ability to produce its own energy and guarantee locally emission-free driving over a long range. This also makes the Concept Sprinter F-CELL ideal for other applications, such as long courier trips or use as a small intercity bus. The intelligent combination of a battery and a fuel cell enables the Concept Sprinter F-CELL to achieve a maximum electrical output of 147 kW and a torque of 350 newton-meters. A tank that can hold 4.5 kilograms of hydrogen ensures a range of approximately 300 kilometers, which can be extended to 500 kilometers through the use of additional tanks. The additional battery included as part of the vehicle's plug-in concept boosts its range by a further 30 kilometers.

[1] Technical details and statements about hydrogen consumption and CO_2 emissions on p. 21.

[2] Range depends on vehicle configuration, especially on the selection of maximum speed limitation. Electricity consumption and range have been calculated on the basis of 692/2008/EC.

[3] Actual range also depends on individual driving style, ambient temperature, use of air-conditioning/heating etc., and may deviate from the stated figures.

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Trucks

FUSO eCanter proves its worth. The first FUSO eCanter rolled off the assembly line in Tramagal, Portugal, in the summer of 2017. The vehicle is currently being used in six cities in Europe, Japan and the US. Six high-voltage lithium-ion batteries with a capacity of 13.8 kWh each enable the light truck to achieve a constant power output of 175 hp at a torque of up to 390 newton-meters. The vehicle's top speed is limited to 80 km/h – as is the case with all vehicles in this weight class. The batteries, which weigh around 600 kilograms, enable a range of more than 100 km (NEDC), which is enough for the requirements of daily urban distribution haulage in most cases.

Customers test the eActros. Commercial customers have been testing the eActros for various demand profiles and with different body variants since September 2018. The idea behind the trials is to cooperate extensively with customers in order to gain practical experience with the electric truck. It's particularly important to obtain reliable information on the battery and the range achieved by the 18- and 25-ton heavy-duty trucks. Our overall goal here is to make the eActros market-ready by 2021. The German Federal Ministry for the Environment (BMU) and Federal Ministry for Economic Affairs and Energy (BMW) are sponsoring the development and testing of the heavy-duty trucks in short-radius distribution operations as part of the project Concept ELV2 (Concept Electric Truck in Heavy Distribution Transportation).

Freightliner puts electric trucks on the road. In June 2018, Daimler Trucks presented its first all-electric production trucks for the North American market – the heavy-duty Freightliner eCascadia and the medium-duty eM2. The Freightliner eM2 106 is used for the local distribution of foodstuffs as well as for deliveries. In December 2018, the first Freightliner eM2 was handed over to the customer Penske Truck Leasing Corp. Plans also call for an innovation fleet of 30 all-electric trucks from Freightliner to go into operation in 2019. With the eCascadia, the eM2, the Saf-T-Liner C2 electric school bus from Thomas Built Buses and the FUSO eCanter, Daimler Trucks now offers the widest range of electric commercial vehicles on the North American market.

Buses

Electrification of city buses. Daimler Buses is also focusing on the development of electric drive systems. The CO_2 balance of buses can be further improved with battery operation and the use of other alternative drive systems. The Citaro hybrid was followed in 2018 by the eCitaro electric city bus. Plans now call for the production facility in Mannheim to be expanded into the Daimler Buses center for electric mobility. In addition, Daimler Buses operates an eConsulting program that offers customers holistic advice on converting public transport bus fleets to electric vehicles, and also provides follow-up services for bus operating companies.

New eCitaro with an extended range. The new eCitaro gets its energy from lithium-ion batteries with a total capacity of up to 243 kWh. This gives the all-electric bus a range of approximately 150 kilometers, which means it can already be used on around one-third of average city bus routes in Germany without the need for opportunity charging. The city bus is powered via an electric axle with electric motors mounted near the wheel hubs. A highly sophisticated thermal management system with high-tech components that include a heat pump reduces the amount of energy needed to control the interior temperature. If opportunity charging is required to extend the range, the electric bus can also be charged via a pantograph.

Range figures for all-electric city buses are often difficult to compare because reference values are missing and the figures are often calculated under ideal conditions. In order to achieve reliable data for the eCitaro, we use the particularly challenging city driving cycle known as SORT2, which takes into account the energy requirements of auxiliary consumers

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as well. SORT is the name of a standardized drive test cycle for low-floor regular-service buses. On this basis, an eCitaro equipped with all of its batteries achieves a range of 150 kilometers in summer temperatures.

Given the current pace of battery technology development, we anticipate that we will be able to introduce an even more powerful battery system in the eCitaro in the future that will enable it to be used on around half of all city bus routes. The next step after that will involve the use of a range extender in the form of a fuel cell that produces electricity. This will increase the eCitaro's operating range even further, thereby enabling it to be used as an all-electric vehicle for almost all current city bus operation profiles.

eMobility Consulting – consulting for transport operators. The new all-electric eCitaro city bus is part of Daimler Buses' overall eMobility system. In order to support our customers with the transition to electric bus fleets, our eMobility Consulting team offers advice on request about different use scenarios, taking into account bus route lengths, passenger numbers, energy requirements, range calculations, charging management and other aspects. In addition, our OMNIplus service brand offers a tailored electric mobility service package that includes onsite services at customers' maintenance and repair shops.

Partnership with Proterra. In September 2018, we reached an agreement to establish a strategic partnership with Proterra, which is a leading North American manufacturer of electric buses for use in local transport systems. The first joint project involves the examination of potential synergies that might be generated through the electrification of school buses built by Daimler's Thomas Built Buses brand. Such cooperation on an electric school bus gives both companies the opportunity to offer new economical transport options with environmentally friendly and emission-free electric drive technology in this growing segment.

E-Mobility Group defines global electric strategy for commercial vehicles. Increasing restrictions on vehicles with combustion engines in cities, as well as more stringent emission limits, are promoting the development of alternative drive systems for commercial vehicles as well. We are a leading truck manufacturer and we also want to be a leader in truck electrification. With the eCanter from FUSO, the FUSO Vision One, two electric trucks from Freightliner, the Mercedes-Benz eActros and the Saf-T Liner C2 school bus from Thomas Built Buses, Daimler Trucks already has a very extensive portfolio of electric commercial vehicles. The establishment of the E-Mobility Group maximizes the effectiveness of our investments in this strategically important technology. We plan to introduce a globally standardized electric architecture and develop the best solutions for truck batteries and charging and energy management systems.

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Drive technologies from Daimler

Share in percent*	Vehicles with			Cars with		
	gasoline engine	hybrid drive systems	diesel engine	gas engines (natural gas/ LPG)	hybrid drive systems	electric drives
Europe	34.2%	1.1%	63.6%	0.0%	1.5%	0.7%
NAFTA	60.7%	0.7%	38.3%			
Japan	45.9%	0.4%	53.6%			
China	86.7%	0.0%	13.3%			
Total (world)	55.7%	1.0%	42.8%			

* Based on unit sales of vehicles in the respective markets in 2018

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Infrastructure

Solutions for the electric charging infrastructure. Studies have estimated that around 80 percent of the charging processes will occur at home or at the workplace and only about 20 percent at semi-public or public installations. We offer appropriate solutions for all three of these areas.

- **charge@home.** The new Mercedes-Benz wallbox enables users to quickly and safely charge their vehicles at home with charging power of up to 22 kW. It will also be possible for the first time to use a smartphone to control various functions such as the charging process and user-management and consumption-overview features. In addition, the energy transition is being brought straight into the home through the combination of a wallbox, a home-storage device and a renewable source of energy such as a solar power unit.

- **charge@Daimler.** With the "charge@Daimler" project, the company is consolidating its activities related to the establishment of an intelligent charging infrastructure at all Daimler locations in Germany. Employees at Daimler locations in 24 German cities can already take advantage of comprehensive charging solutions. Since 2013, well over 1,500 charging points have been set up in cooperation with our long-standing partner innogy SE. The project includes equipping employee parking lots, garages and customer centers, as well as electrifying the in-house development test rigs and testing facilities.

- **charge@highway – High Power Charging (HPC).** Through our joint venture IONITY, we are working together with several other automakers to establish a powerful fast-charging network for electric vehicles in Europe. IONITY is pursuing the goal of being able to also guarantee an adequate charging infrastructure for long-distance travel on highways in order to accelerate the establishment of electric mobility. To this end, IONITY plans to install and put into operation around 400 fast-charging stations by 2020. The first such stations have already begun operating in Germany, Switzerland, France and Austria. Each IONITY fast-charging station will have several charging points, which means thousands of charging points will be available by 2020 that will allow customers to charge vehicles of different brands and with different electrical outputs. The charging network uses the European Combined Charging System Standard (CCS), whose charging power of up to 350 kW per charging point enables correspondingly designed vehicles to charge their batteries much faster than it is possible today. A total of 23 IONITY fast-charging stations were operating at

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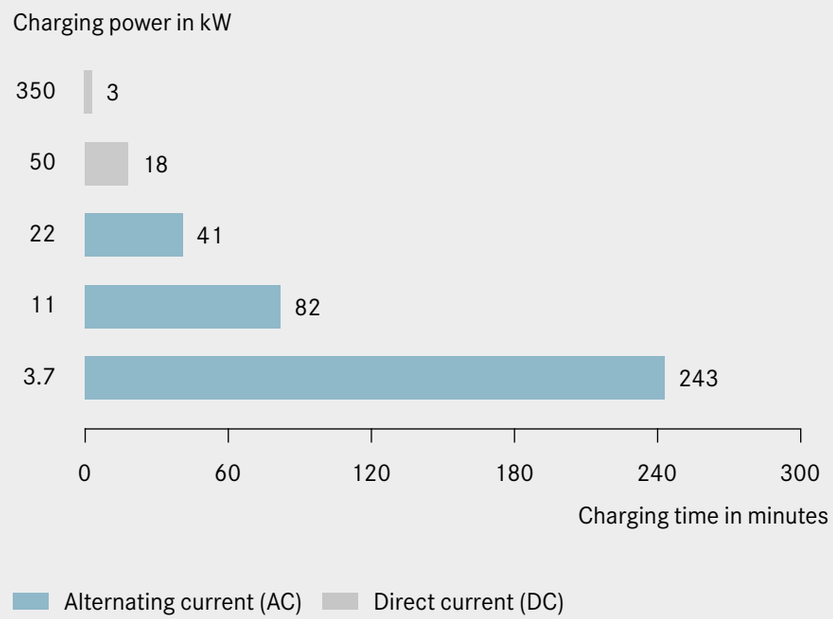
Charging time for a driving distance of 100 km



The amount of charging power is very important for fast and convenient charging. Whether from a power socket at home, a wallbox in a carport, or a rapid or high-power charging system at a gas station, charging power is subject to different conditions, depending on the technical situation. The charging times correspondingly differ as well.

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the end of 2018 and 44 are currently under construction. Plans call for the electricity used to charge Mercedes-Benz EQC[1] vehicles to be produced from renewable sources.

– **Charge@fleet** Mercedes-Benz also offers intelligent charging solutions for companies and fleet operators that allow fleet managers to monitor and invoice costs for all vehicle charging processes. These solutions even integrate the allocation of costs arising to the driver of a company car for charging at the employee's home.

Fast and comfortable charging with the Mercedes-Benz wallbox service

Plug & Charge proves its effectiveness in the pilot phase. Drivers of electric vehicles previously needed to have the right charging card or smartphone app in order to gain access to public charging stations. Plug & Charge does away with these cards and apps, as the solution enables the secure and automated exchange of data between vehicles and charging infrastructure. After the charging cable is inserted into the vehicle, the latter transmits the driver's authorization data to the charging station in encrypted form. After the data has been verified, the charging process starts automatically and the subsequent payment process is also automated.

The solution, which uses the ISO 15118 international standard, was developed by the Berlin-based electric mobility specialist Hubject. Daimler also worked with Hubject to make its electric smart models ISO 15118-compatible. As a result, the smart EQ fortwo/forfour[2] are the first electric production vehicles to support the Plug & Charge solution. In 2018, Daimler, Hubject and the charging station operator ebee smart technologies successfully concluded the pilot phase of this innovative system.

New hydrogen filling stations. In a joint venture with Air Liquide, Linde, OMV, Shell and Total, we are forging ahead with the expansion of the hydrogen infrastructure throughout Germany. A total of 53 H_2 filling stations are currently in operation; four are being planned and 11 are in the process of being approved. A further 14 stations are under construction, while 12 are in the commissioning phase. To put it in more simple terms, a new hydrogen filling station opened once every two weeks on average in 2018 and a total of 100 public H_2 stations for passenger cars are planned to be operating by the end of 2019. If the pace of construction continues, around 400 hydrogen filling stations could eventually be completed. Similar H_2 infrastructure projects are now moving forward at the European level and around the world, most notably in Japan, the US and South Korea.

Refrigerant

ECJ ruling clarifies refrigerant dispute. Due to safety concerns and unanswered questions regarding safety risks at the time, Daimler used the refrigerant known as R134a in the air conditioning systems of approximately 134,000 Mercedes-Benz vehicles manufactured in the first half of 2013 instead of the climate-friendly but flammable new R1234yf refrigerant. The European Commission subsequently initiated proceedings against Germany at the European Court of Justice (ECJ) due to the fact that Germany's Federal Motor Transport Authority failed to prohibit the use of the more climate-damaging refrigerant and also failed to impose sanctions on Daimler. The ECJ has now ruled partially in favor of the European Commission. While the judgement does establish that an infringement occurred, the court did not order Germany to pay any fines. The Federal Motor Transport Authority has ordered Daimler AG to retrofit a limited number of vehicles with the R1234yf refrigerant. The R134a refrigerant used in the air conditioning units in certain A-Class and B-Class, CLA, and SL (BR 176, 246, 117, 231) models manufactured in the first half of 2013 does not correspond to the type approvals valid at that time. Use of the R134a refrigerant at no time had any effect on the vehicle occupants or the functioning of the vehicles in question. After the ECJH ruling in the infringement procedure against the Federal Republic of Germany was issued on October 4, 2018, we withdrew the objection we had submitted against the order issued by the Federal Motor Transport Authority and will now comply with that order. Daimler AG will inform customers of the associated recall in a timely manner in writing, and customers will, of course, not be charged anything for the measures that are to be taken.

[1] Technical details and statements about power consumption and CO_2 emissions on p. 2.

[2] Technical details and statements about power consumption and CO_2 emissions on p. 21.

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Climate protection at our plants

Daimler is setting the course for climate-friendly production in Germany and Europe. We have set two targets for our European plants and one global target:

- Reduction of **absolute** CO_2 emissions at our European factories by **20%** by 2020 as compared to 1990.
- Reduction of **specific** CO_2 emissions at our European factories by **66%** by 2020 as compared to 1990.
- Reduction of specific CO_2 emissions (per vehicle) at our production facilities **worldwide by 40%** by 2020 as compared to 2007.

Mercedes-Benz Cars is setting the course for green production in Germany and Europe. Plans call for all manufacturing facilities in Germany to be supplied with CO_2-neutral energy by 2022.

This proposal is designed to make our production operations even more sustainable. We will also obtain our electrical energy exclusively from renewable sources in the future. Our own production of electricity and other forms of energy will be made CO_2-neutral through the application of high-quality CO_2 compensation measures. When we plan new plants in Europe, we now make sure from the very beginning that they will have a CO_2-neutral energy supply.

Plans also call for all German passenger car production facilities **to be 100% CO_2-neutral by 2022.**

On the road to CO_2-neutral production. The preparations for the exclusive use of green electricity for a climate-friendly production in Europe are already well advanced. Our vehicle and powertrain factories in Bremen, Rastatt, Sindelfingen, Berlin, Hamburg, Kamenz, Kölleda and Stuttgart-Untertürkheim buy electricity or operate their own power plants. In the future, 100 percent of purchased electricity is to come from verified renewable sources such as wind and water power. This corresponds to about three-quarters of the total electricity requirements of our German plants. The remainder is generated in our own highly efficient gas-fired combined heat and power plants. We intend to offset the resulting CO_2 emissions through qualified compensation projects. This also applies to all other energy purchases by the plants, such as natural gas for heating buildings or fuel for transport within the plant grounds.

Plans call for new factories in Germany and Europa to utilize a CO_2-neutral energy supply from the beginning.

- The smart plant in Hambach, France, already covers all of its electricity requirements with energy from renewable sources.

- In Kecskemét, Hungary, we are building a second highly efficient CO_2-neutral production plant.

- Our Factory 56 is now being built at our Sindelfingen plant. In accordance with the slogan “digital, flexible, green,” Factory 56 will set standards in the global automotive industry. Its production hall will use renewable energy and significantly reduce water consumption and waste, and the photovoltaic system on the roof of the hall alone will supply approximately 5,000 megawatt-hours of power each

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year – energy that therefore will not need to be generated in a conventional manner. All in all, the CO_2 emissions at Factory 56 will be around 75 percent lower than the emissions that result from S-Class production in Sindelfingen today. The factory hall's translucent design will also make for a pleasant work environment, and during the summer it will be possible to bring the interior temperature down to a level up to seven degrees Celsius lower than the outside temperature.

- A new CO_2-neutral engine plant is being built in Jawor, Poland. The facility is scheduled to go into operation in 2019. The plant will be supplied with environmentally friendly energy from the Taczalin wind farm, which is located around ten kilometers away. The wind farm's 22 wind turbines, which have been operating since the end of 2013, have a combined installed output of 45.1 megawatts. The VSB Group developed and now operates the wind farm, and the long-term electricity supply contract the production plant signed with that company is the first such contract between an industrial company and the wind power sector in Poland. With this contract, Daimler as a consumer of electricity has safeguarded a green electricity supply for the location over the long term, while the power supply company is ensured a permanent stable source of income.

- Daimler is also set to become the first major industrial customer to obtain electricity from German wind power facilities whose subsidies in accordance with Germany's Renewable Energy Act (EEG) are due to expire after 2020. As a result, we will be the first major industrial company in Germany to ensure the economical operation of existing windmills, which can therefore continue to contribute to achieving the climate goals set by Germany. The six wind farms that will supply the electricity are equipped with 31 turbines that have an installed output of 46 MW and generate approximately 74 GWh of power per year. After the associated agreement goes into effect, the green power produced by the wind farm will be fed into the grid and simultaneously drawn from the grid by Mercedes-Benz plants.

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Direct and indirect CO_2 emissions from production*

	1992–94	2014	2015	2016	2017	**2018**	
in 1,000 t							
Scope 1	541	1,030	1,060	1,056	1,192	**1,247**	
Scope 2	1,895	2,241	2,171	1,882	1,763	**1,687**	market-based
Total	2,436	3,271	3,231	2,938	2,955	**2,934**	market-based

The comparable numbers for the „location-based" approach can be found in the Key figure tool operational environmental protection.

* For the precise definition of the plants taken into account, see p. 120

Scope 3 emissions in 2018 (PDF)

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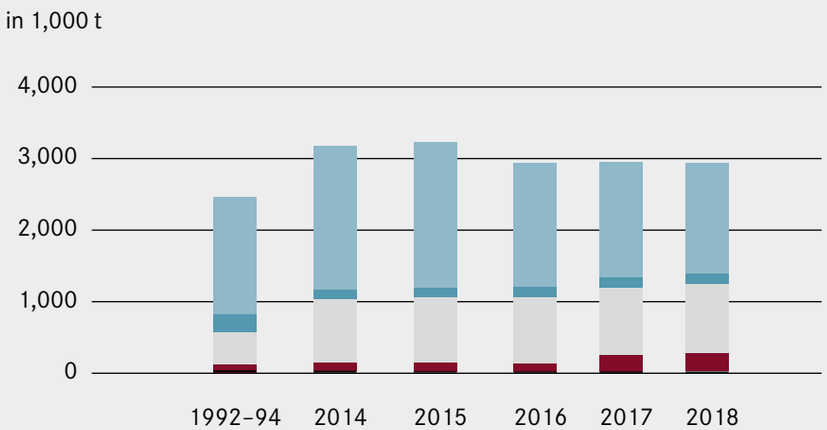
Direct and indirect CO_2 emissions from production*



Scope 1:
- Natural gas
- Heating oil, LPG, fuels
- Coke

Scope 2:
- Electricity (market-based)
- District heat

Beginning in 2016, the CO_2 emissions from purchased electricity have been calculated in accordance with the market-based method of the updated stipulations of the GHG protocol and are based on the information provided by the respective power suppliers.

* For the precise definition of the plants taken into account, see p. 120

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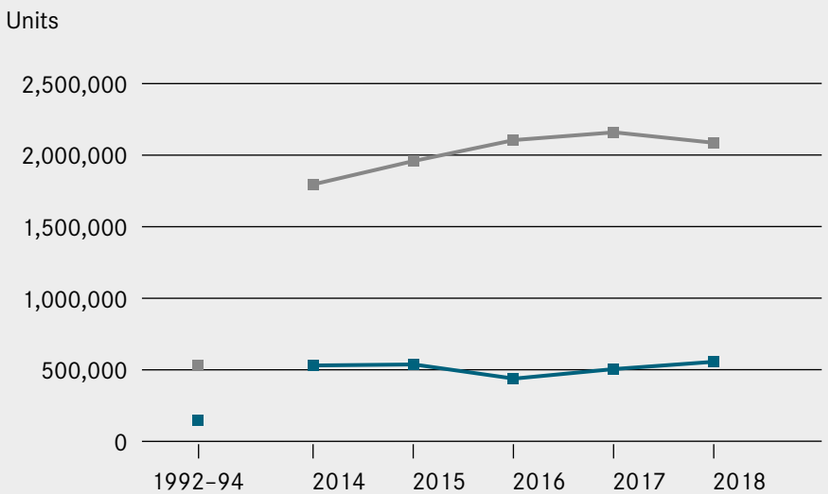
Annual vehicle production of the Daimler Group



In order to have the appropriate correlation with our environmental data, we only count the production from plants that are majority-owned by the Daimler Group. Since no minority participations in companies or external contract production are included, the production volume is lower than sales numbers cited elsewhere.

Units in 2018

Trucks/buses	556,163
Cars/vans	2,086,149

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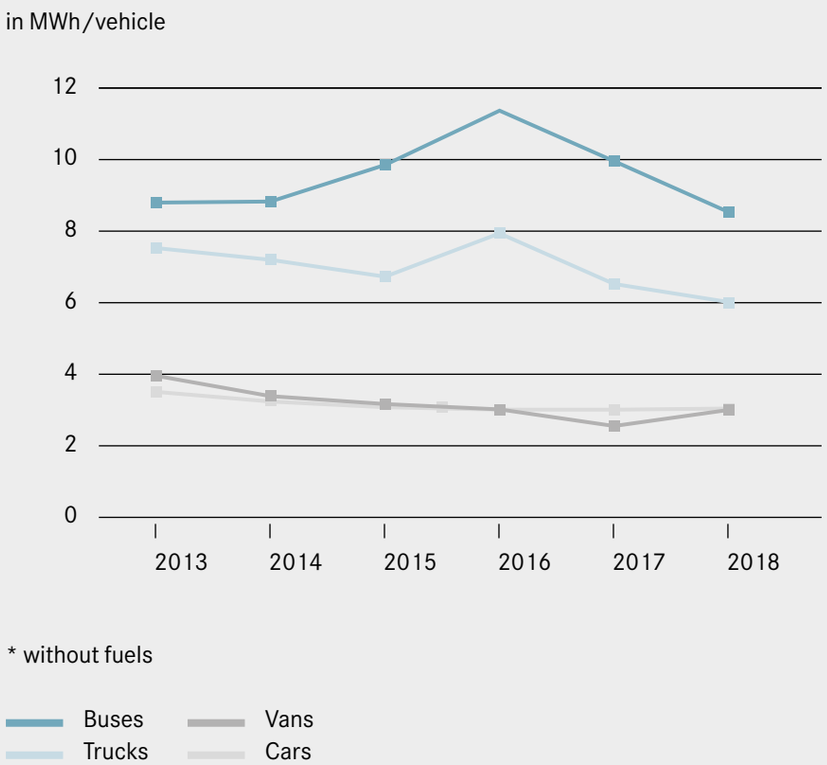
Specific energy consumption* per vehicle manufactured



CO_2 emissions produced by delivery traffic. The incoming and outgoing delivery traffic at our plants as well as the distances our employees travel for work and business also affect our environmental performance through emissions, noise and resource utilization. We seek to effectively reduce the environmental impact of these transports through the use of an efficient logistics system, rail transportation and inland shipping.

Our global transport logistics operations today involve more than 75 production facilities in 30 countries, as well as approximately 8,500 dealerships worldwide. We transported around 3.3 million vehicles worldwide in 2018. In addition, almost 5.4 million tons of production materials were transported in Europe in the first half of 2018 alone. Global transport volume amounted to around 440,000 standard containers of sea freight and about 82,000 tons of air freight in 2018.

We are working hard to optimize our logistics network in order to reduce the associated CO_2 emissions. Our main goal is to optimally connect transportation hubs with one another so as to reduce the distances traveled and utilize capacity more efficiently. Innovative transportation concepts and new transport systems also play a major role here.

We select logistics concepts not only on the basis of their costs, duration and transport quality, but also according to their CO_2 emissions. When selecting providers of logistics services, we also take sustainability criteria into account – everything from environmental certificates and the use of environmentally compatible equipment to the utilization of low-emission trucks that meet the latest Euro emissions standards.

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1) The Med-Port concept was successfully implemented in two stages and is now part of normal operations. The implementation of RoRo shipments via the port city of Koper on the Adriatic Sea rather than via North Sea ports has shortened the length of ship transports from Europe to the Far East by around 8,000 km. Given an annual volume of approximately 140,000 units, this shipping change has reduced CO_2 emissions by nearly 50,000 tons.

2) As part of the RailLink2Med project, a large portion of deliveries to Italy and Spain were switched from trucks to trains as of February 2018. The transition was carried out gradually on the highest-volume routes in the supply network and has now eliminated the use of 25,000 vehicles bound for Italy and around 40,000 vehicles for transports to Spain.

3) The project for introducing Longer Heavier Vehicles (LHVs) was expanded in 2018 and is now part of normal operations. This has led to CO_2 savings amounting to approximately 1,000 tons per year.

How we calculate our CO_2 emissions, p. 122

Introduction and certification of ISO 50001 energy management systems worldwide. Since 2012, we have introduced energy management systems certified in accordance with the DIN EN ISO 50001 standard at our German production locations. These systems have helped us achieve continuous improvements with regard to energy consumption, energy efficiency and transparency. Our plan now is to implement these successes around the world. Several locations abroad, including our site in the Detroit suburb of Redford, as well as our plants in Vitoria, Brixworth, East London and Kecskemét, have already been certified in accordance with DIN EN ISO 50001 and are thus contributing to the sustainable optimization of energy consumption and efficiency.

Other production locations will follow in 2019. The measures to be taken here include the establishment of an energy management organization with energy management officers and an energy team. Extensive measurements will be made and analyzed in order to isolate key sources of energy consumption. This will enable us to identify and exploit savings potential in production and infrastructure. Among other things, this process will result in the replacement of old lighting systems with state-of-the-art LED technology and optimization of the management of existing ventilation systems. The use of efficient motors and control systems is consistently taken into account in the design of new facilities and the development of modernization measures for existing facilities. In addition, small-scale measures such as the inspection of existing facilities and a comparison with the actual energy requirements mean it is possible to reduce energy consumption and thus costs.

The use of such an energy management system also facilitates the greater incorporation of energy considerations into the Group's overall strategy. Over the long term, the reduction of energy consumption and the increase in energy efficiency conserve resources and lower emissions at our plants. In addition, the systematic analysis leads to a continuous improvement of our energy-related performance and thus makes an important contribution to the achievement of the Group's sustainability targets.

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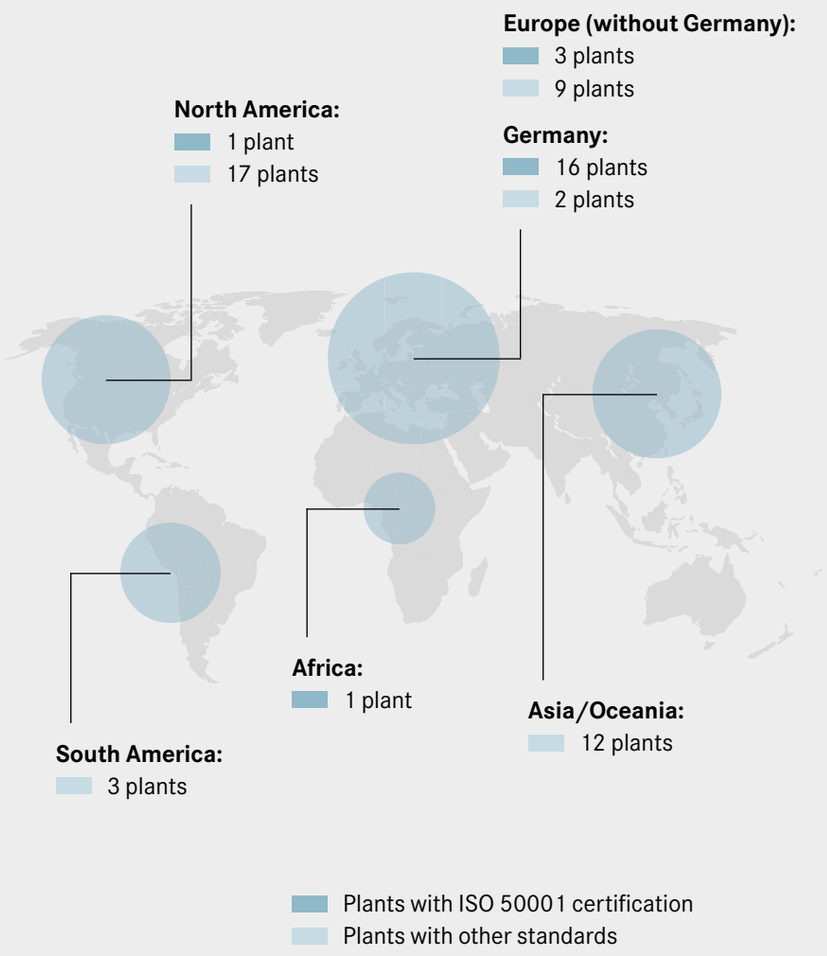
Daimler plants with certified energy management system



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Energy consumption from production*

in GWh	2013	2014	2015	2016	2017	**2018**
Electricity	4,545	4,586	4,452	4,336	4,284	**4,384**
District heat	973	824	884	961	909	**821**
Natural gas	4,971	4,922	5,075	5,105	5,167	**5,316**
Heating oil	78	55	85	100	106	**114**
Liquid gas	108	98	92	92	94	**83**
Coke	69	61	55	50	54	**54**
Fuels	315	305	296	251	726	**834**

* For the precise definition of the plants taken into account, see p. 120

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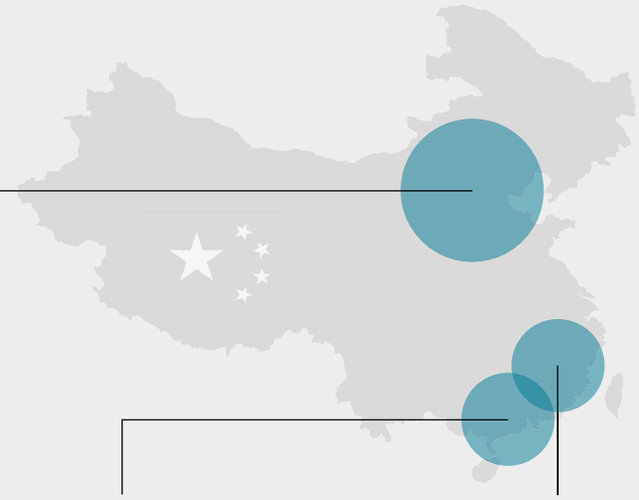
Joint ventures — production

Daimler in China



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

Ownership
50 percent Daimler,
50 percent Foton
Location
Beijing
Production volume in 2018
100,993 units
Production (from 2014)
medium- and heavy-duty Auman brand trucks, EST-A, EST, GTL, ETX, Mercedes-Benz OM 457 engines
Energy consumption
494.4 GWh
– thereof electricity: 71.6 GWh
– thereof natural gas: 294.4 GWh
– thereof heating oil: 128.4 GWh

Beijing Benz Automotive Co., Ltd. (BBAC)

Ownership
49 percent Daimler,
51 percent BAIC
Location
Beijing
Production volume in 2018
482,411 units
Production
Mercedes-Benz A-Class (long version), C-Class (incl. long version), E-Class (long version), GLA, GLC, car and van engines
Energy consumption
910.6 GWh
– thereof electricity: 453.5 GWh
– thereof solar electricity: 6.4 GWh
– thereof natural gas: 450.7 GWh

Shenzhen BYD Daimler New Technology Co., Ltd.

Ownership
50 percent Daimler,
50 percent BYD Co. Ltd.
Location
Shenzhen
Development
Electric vehicles DENZA 500

Fujian Benz Automotive Co. (FBAC)

Ownership
50 percent Daimler and China Motor Corporation, 50 percent Fujian Motor Industry Group Co., Ltd.
Location
Fuzhou
Production volume in 2018
28,388 units
Production
Body shop and assembly plant for vans (V-Class and Vito)
Energy consumption
88.5 GWh
– thereof electricity: 44.4 GWh
– thereof natural gas: 44.0 GWh

The holdings shown are not within the scope of consolidation and are therefore stated separately.

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Participation in European emissions trading. Industrial facilities that produce CO_2 emissions as a result of the combustion of fossil fuels (oxidation) and whose approved thermal output exceeds 20 MW are required by law to participate in the EU Emission Trading System (EU ETS). The operators of such facilities are required to calculate on an annual basis the CO_2 emissions they produce, report the figures to the responsible authorities, and then submit to the same authorities CO_2 emission certificates in the amount of the reported CO_2 emissions. Here, one CO_2 emission certificate (European Union Allowance – EUA) corresponds to the right to produce one ton of CO_2.

A total of 14 Daimler Group facilities in Germany, France, Hungary and Spain are currently subject to this requirement. These facilities generate the electricity and heat energy that are needed for their production operations on their respective sites. They are all highly efficient and utilize natural gas almost exclusively. The Daimler plant in Mannheim also operates a foundry that is subject to the regulations governing the EU ETS.

The permitted total number of EUAs is limited and also lowered each year. As a result, fewer and fewer free CO_2 emission certificates are issued each year, which means the number of such certificates available to the automotive industry and many other sectors will have been reduced to zero by the end of the fourth trading period (2021–2030). A large portion of the CO_2 emission certificates needed must therefore be acquired at a cost via EUA auctions, the emission certificate market or direct trading. Due to the increasing scarcity of certificates, the price for an EUA rose from around €5 to about €20 between 2017 and 2018. At Daimler, an in-house committee consisting of experts from various departments defines the procurement strategy and risk management for the CO_2 emission certificates the Group needs.

More than half of the CO_2 emissions produced at our European production locations are currently covered by emissions trading activities. We continue trying to further reduce our CO_2 emissions through the implementation of projects to increase energy efficiency and the expansion of the capacity of systems that generate heat and electricity from renewable sources. Assessments of our CO_2-reduction projects also take the costs of CO_2-avoidance measures and CO_2 emissions trading directly into account.

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Clean air as it relates to our vehicles

In addition to climate protection, the improvement of inner-city air quality will continue to be an important environmental consideration in the future. Traffic still accounts for a considerable share of nitrogen oxide pollution near roads.

For the period from 2015 to 2030, we have therefore set the following reduction targets for NO_X real driving emissions (RDE).

-80% for cars
-80% for vans
-75% for buses
-60% for trucks

Cutting-edge technologies are enabling us to steadily reduce the pollutant emissions of our cars and commercial vehicles. In doing so, we have set our sights not only on conventional gasoline and diesel engines but also on hybrid vehicles that combine conventional and electric drive technologies.

The introduction of the new diesel engine families consisting of the OM 654, the OM 656 and the OM 608, as well as the increasing electrification of drive systems, will greatly help us to reach the emission targets.

In addition, we have initiated far-reaching voluntary software updates for more than three million diesel-powered cars and vans that are currently on the road.

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Diesel debate. As a result of the diesel debate, criticism has been leveled against the automotive industry, including Daimler. The revelation that the passenger car NO_X emissions measured in labs using the legally required NEDC method sometimes deviated considerably from those obtained in real-life driving has caused some members of the public to lose confidence in the automotive industry.

Our plan for the future of diesel engines includes the development of software updates for a total of more than three million vehicles owned by customers – significantly more than one million of which are in Germany. With the updates, we are improving the NO_X emission performance of our vehicles under real driving conditions by an average of 25 to 30 percent. Verification is with the use of the measuring cycles approved by the authorities (WLTC 1, 2, 3).

Daimler is now offering a trade-in payment of up to €10,000 to owners of Euro 1 to Euro 5 diesel vehicles in the specified priority regions with high NO_X concentrations whose cars were registered before October 1, 2018.

After talks with the German Federal Ministry of Transport and Digital Infrastructure (BMVI) in June 2018 and by order of the German Federal Motor Transport Authority (KBA), Daimler is carrying out a mandatory recall of approximately 690,000 vehicles in Europe (including approximately 280,000 in Germany). The great majority of these vehicles were already covered by Daimler's program of voluntary service measures announced in July 2017. These measures are being implemented in close cooperation with Germany's vehicle registration agencies.

Hardware retrofits. Following the coalition decision, in early October 2018, Daimler also announced its intention to participate in a hardware retrofit program for diesel vehicles in the defined priority regions as part of the German government's concept for clean air and the safeguarding of individual mobility. Within this context, Daimler is prepared to cover the cost of a hardware retrofitting up to a maximum value of €3,000 for Mercedes-Benz customers with Euro 5 diesel vehicles in the defined priority regions. The retrofitting must be developed and offered by a third-party supplier and approved by the German Federal Motor Transport Authority (KBA). In addition, it must demonstrably authorize entry into certain cities, including driving on roads affected by the driving ban. Daimler's aim is to promote the interests of its customers by creating transparency as to which hardware solutions third-party suppliers can offer, and when.

Increasing the mobility fund. We have significantly increased our planned contribution to the "Immediate Action Program for Clean Air," which was agreed on at the National Forum Diesel in August 2017. Together with BMW and Volkswagen, we are now providing the automobile industry's entire share of the funding.

Local measures. With regard to the local measures, Daimler is focusing in particular on Stuttgart. For example, we are subsidizing our employees' use of public transport, such as the commuter train, streetcar and bus networks, to get to work. Thanks to Daimler's coverage of the costs, since January 2018 the Group's employees have been able to use local public transportation free of charge to travel between their homes and workplaces in the Stuttgart region on particulate alert days.

In order to assess the effects of modern diesel engines in the fleet and to factor in possible future driving bans, we have commissioned a calculation of future air quality scenarios at Neckartor in Stuttgart, together with the Robert Bosch company and in close cooperation with the Stuttgart city government and the responsible federal state ministries. An advisory committee of recognized experts and university professors supported the study, which was conducted by the Aviso company. According to the scenarios of the study, the limits will probably not be reached at "Am Neckartor" by 2020. But – depending on the package of measures implemented – the limit of 40 micrograms per cubic meter of ambient air is expected to be permanently met between 2020 and 2025.

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New diesel engines. Mercedes-Benz vehicles powered by the new diesel engines (OM 654, OM 656 and OM 608) emit between 40 and 60 milligrams of nitrogen oxide (NO_X) on average – during thousands of kilometers of driving on the road and under the conditions specified by the Real Driving Emissions (RDE) test. These figures are significantly lower than the current RDE emissions limit of 80 milligrams per kilometer multiplied by the correlation factor 2.1 (Level 1). The correlation factor was determined by an EU regulation to cover the usually higher nitrogen-oxide emissions in real operation for new vehicle types until the end of 2019.

The lower values are made possible by an innovative overall package consisting of the engine and the exhaust after-treatment system. This package was launched with the new engine generation in 2016 and is being continually enhanced. The very good results have been repeatedly confirmed in road tests by organizations such as DEKRA and TÜV, as well as by various trade magazines.

Soot particle filter for gasoline engines. Daimler conducted its first tests with a gasoline particulate filter (GPF) as early as March 2014 and was a pioneer in the testing of this technology. In mid-2017 we began including a GPF with all Mercedes-Benz direct-injection gasoline engines. In June 2018 Daimler became the first automaker to include a GPF as standard equipment in Europe. Similar tests and preparations are now under way in order to ensure we can take new regulations and future legal developments into account in other markets.

Emission laboratory in Immendingen. In the fall of 2018 we began construction of a completely new emissions laboratory in Immendingen that is scheduled to go into operation in 2020. The lab's test rigs will be capable of measuring the exhaust gas emissions of all Mercedes-Benz car and van models and ensuring compliance with applicable standards in the future. The facility will include several lab and workshop areas that will be used to test onboard diagnosis (OBD) systems and prepare for RDE test drives with portable emission measurement systems (PEMS). We also plan to build special test rigs which, among other things, will make it possible to conduct experiments with altitude simulations (from sea level to 4,000 meters above sea level), as well as tests under extreme conditions in temperatures ranging from -30 to +50 degrees Celsius.

Healthy air in the interior. Good air quality in the vehicle interior and anti-allergen surfaces contribute to the occupants' safety and well-being. As early as the development stage, we ensure that emissions in the vehicle interior are reduced to a minimum and that allergens are avoided. External allergens are effectively kept out by highly efficient filters in the air conditioning unit.

Proven anti-allergen features. Since 2016, all of our car model series have borne the seal of quality of ECARF, the European Centre for Allergy Research Foundation. The ECARF seal is awarded to products whose anti-allergen properties have been demonstrated in scientific studies. Most recently, the ECARF seal was awarded to the CLS-Class, the A-Class, the GT 4-Door Coupé and the GLE-Class in 2018.

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Air quality at our plants

Lowering the atmospheric emissions from our plants is a constant task and a challenge for our plant and facility planning teams and our daily operations. Of particular importance here are the VOCs that are produced in our paint shops, the nitrogen oxide and sulfur oxide emissions from our furnaces and energy generation systems, and particulate matter, for example from the welding smoke exhaust units in our body-in-white area and from our energy generation systems.

Examples of our efforts to reduce VOC emissions in our Sindelfingen plant include a public-law contract that allows for emissions of less than 20 g/square meter of painted surfaces (as opposed to the legal maximum of less than 35 g/square meter). Our real emissions in this area are actually significantly lower. We are also lowering emissions of nitrogen oxides and in particular sulfur oxides through the utilization of natural gas instead of the heating oil that was previously used.

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Absolute VOC, SO_2, CO and NO_X emissions

in t	2013	2014	2015	2016	2017	**2018**
Solvents (VOCs)	6,907	6,547	7,321	7,971	7,735	**7,929**
Sulfur dioxide (SO_2)	72	76	39	33	57	**61**
Carbon monoxide (CO)	2,336	2,813	2,898	2,843	2,203	**2,515**
Nitrogen oxides (NO_X)	1,012	1,005	1,071	1,243	1,185	**1,050**

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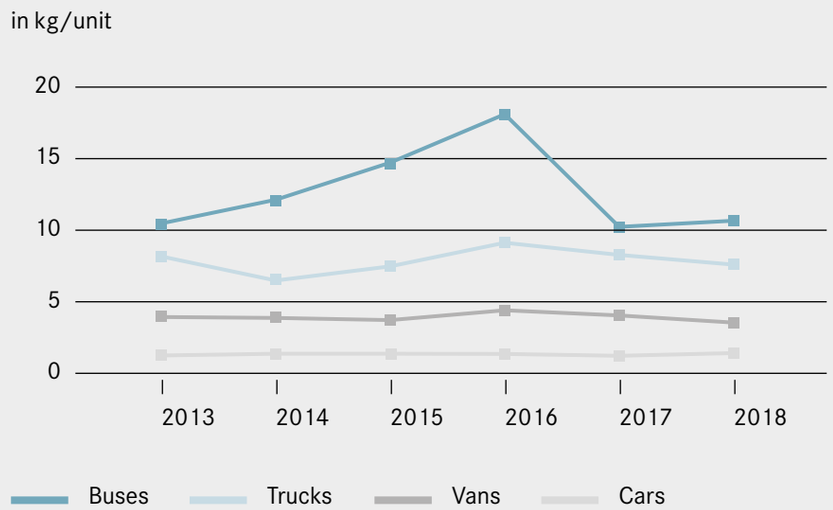
Specific solvent emissions (VOCs) per vehicle



Conservation of resources

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Conservation of resources as it relates to our vehicles

If the trend of dynamic economic growth of the world economy continues unchanged in the future, global consumption of resources will more than double by 2050, according to statements by the International Resource Panel of the UNEP. The growth of electric mobility will significantly change the use of materials for drive systems, batteries and power electronics in the automotive industry.

We have set ourselves the objective of reducing the primary raw material requirement for electric drive systems by **40%** by 2030. In addition, we want to establish diverse recycling processes on the market for our high-voltage batteries.

We plan to increase the energy density of the batteries as part of our research and development activities and thus reduce the batteries' total weight and the corresponding use of raw materials.

The production of vehicles requires great quantities of materials. Therefore, one of the focal points of our development tasks is to keep the demand for natural resources as low as possible. In particular, we attempt as early as the initial development stage to restrict the use of raw materials that are only available in limited quantities and that frequently have a larger environmental impact. An important role is played here not only by the economical use of resources but also by the remanufacturing of components and the recycling of used raw materials. As a result, the reconditioning and reuse of raw, process and operating materials has been standard practice at our plants for many years now. Thanks to these measures, we currently have a waste utilization rate of more than 90 percent.

Comprehensive life cycle assessment. Evaluating the environmental compatibility of a vehicle requires an analysis of the emissions and use of resources throughout the entire life cycle. This is done by means of a life cycle assessment, which examines the most important environmental effects, from the extraction of raw materials and vehicle production to product use and recycling. At Mercedes-Benz Development, we use life cycle assessments to evaluate and compare different vehicles, components and technologies.

Less weight, more recyclates and more natural materials. Our target is to make our vehicles lighter while continuing to reduce the environmental effects of materials used in their production. For this, we are employing new lightweight materials and components on the one hand and increasingly using renewable raw materials and recycled materials on the other. The general principle here is to achieve more with less. For Daimler, this is the strategy of choice to conserve precious raw materials, especially those used in the area of electric mobility.

Intelligent lightweight construction can reduce vehicle weight without sacrificing safety and comfort. In this context, the selection of materials as well as the component design and manufacturing technology also play an important role – not every material is suitable for every component. At 35 percent, the body-in-white accounts for the biggest share of the total weight of a vehicle with a conventional drive system. This is followed by the chassis at 25 percent, the comfort and safety equipment at 20 percent, and the engine and transmission at 20 percent. Thus the most effective approach is to focus on the body-in-white.

In the case of hybrid vehicles, and even more so in the case of all-electric vehicles, the additional weight of the battery changes the weight proportions considerably. The battery in hybrid and electric drive systems can in fact account for approximately 25 percent of total vehicle weight.

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Using recyclates to conserve resources. Recyclates are recycled plastics that come in whole or in part from processed production waste or old materials. The European End-of-Life Vehicles Directive 2000/53/EC specifies utilization quotas for passenger cars and vans with a gross vehicle weight of up to 3.5 tons. In addition, it requires manufacturers to use more recycled materials during vehicle production in order to strengthen the markets for recyclates. As a result, the requirement specifications for new Mercedes-Benz models stipulate a certain minimum share of recyclates. The EQC[1] offers a current example of how this works in practice. For example, customers can order their EQC with seat covers made of one hundred percent recycled PET bottles. In addition, some 100 EQC vehicle components are made from recycled substances or renewable raw materials such as hemp, kenaf, cotton, paper and natural rubber.

Renewable raw materials offer us many advantages. For example, they can often help reduce component weight and the resulting products are generally easily recyclable. Moreover, their CO_2 balance is almost neutral when their energy is recovered, because only as much CO_2 is released as was absorbed by the plant during its growth. Last but not least, renewable raw materials as well as recyclates help reduce the consumption of fossil resources.

Consistently high recyclability. During the development process of a vehicle, we prepare a recycling concept for each vehicle model in which all of its components and materials are examined with a view to their suitability for the various stages of the recycling process. As a result, all Mercedes-Benz car models are 85 percent recyclable and 95 percent recoverable, pursuant to ISO 22 628. The key aspects of our activities in this area are:

- the resale of tested and certified used parts through the Mercedes-Benz Used Parts Center (GTC),
- the remanufacturing of used parts, and
- the workshop waste disposal system MeRSy (Mercedes-Benz Recycling System).

[1] Technical details and statements about power consumption and CO_2 emissions on p. 2.

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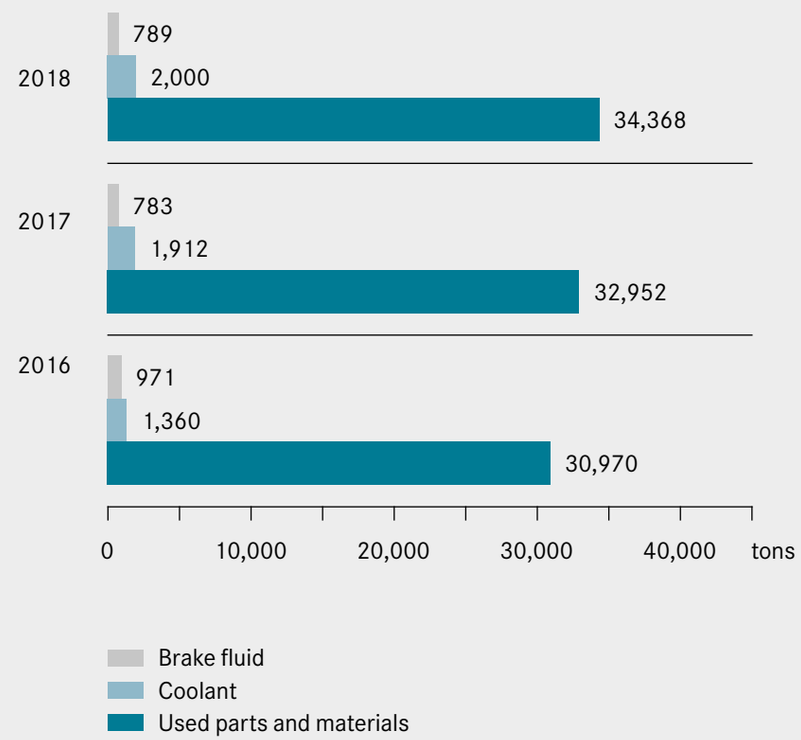
Removal of workshop waste with MeRSy in Europe



Removal of workshop waste with MeRSy. Our MeRSy recycling management system for disposing of workshop waste helps to collect and recycle or professionally dispose of waste material created during the maintenance or repair of our vehicles. For example a total of 29,452 tons of return parts and materials were collected in Germany and recycled in 2018. Around 1,533 tons of coolant and 645 tons of brake fluid were reconditioned.

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A new method for measuring resource efficiency. As economic growth continues, so does the burden on the environment, and the consumption of resources increases. Achieving more with less is therefore more than ever the order of the day. We have conducted several studies that address issues related to resource efficiency. In the ESSENZ research project, which received funding from the German Ministry of Education and Research, we helped to develop a holistic evaluation technique for assessing resource efficiency. The project has been completed and we are now using the new technique. In addition to raw material consumption, it takes into account other factors such as the security of the medium and long-term supply of raw materials as well as the fulfillment of social and environmental standards along the supply chain.

Resource consumption. Daimler consumes around 7 million tons of raw materials each year to manufacture its products. Some of these substances can be categorized as scarce or critical. We therefore monitor them closely and try to continuously reduce the amount of these materials that is needed per vehicle.

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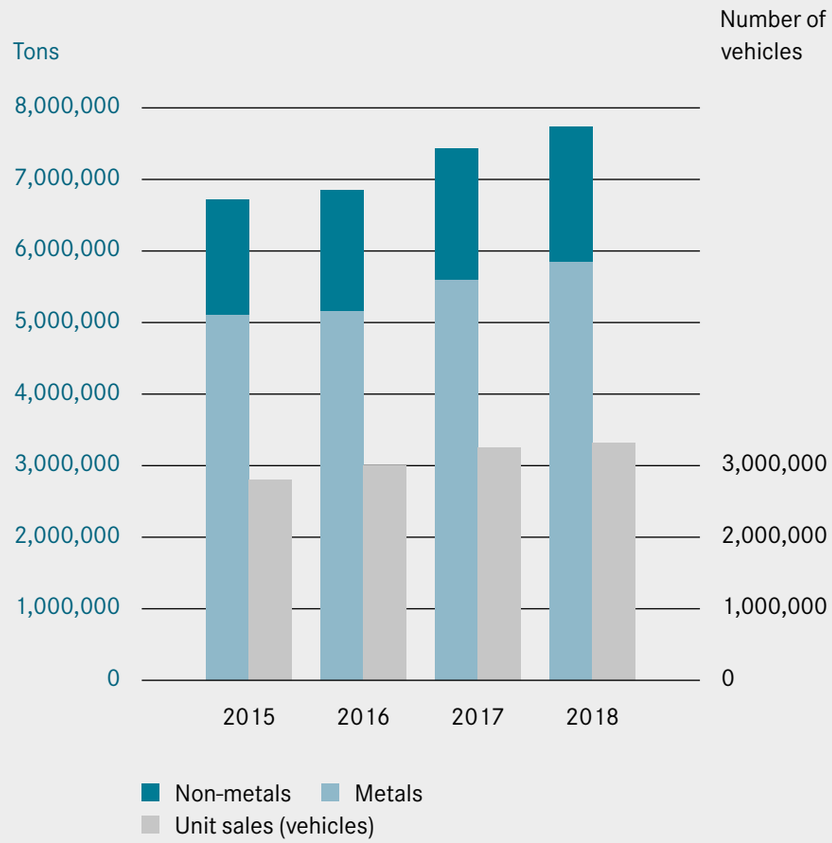
Amounts of materials



Resource use for alternative drive systems. Vehicles with hybrid and electric drives contain a particularly large number of valuable resources. This pays off if the entire life cycle is taken into consideration.

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Life cycle assessment

In order to gauge a vehicle's environmental compatibility, Daimler considers the emissions and the use of resources over the entire life cycle. This is achieved by means of a life cycle assessment (LCA), which records the key environmental impacts – from extraction of raw materials to production and use to recycling. As an example we show the life cycle assessment of a GLC F-CELL Plug-IN Hybrid[1] and of a Mercedes-Benz eCitaro bus.

GLC F-CELL Plug-IN Hybrid. The overall life cycle assessment for the GLC F-CELL shows the benefits offered by the model in terms of permanent locally emission-free driving and the high degree of efficiency displayed by the vehicle's electric drivetrain. The assessment of the GLC F-CELL's use phase analyzed two paths for the production of hydrogen and the electricity utilized to power the vehicle. First of all, if the electricity is generated from renewable wind and hydroelectric sources, the CO_2 emissions can be reduced to nearly the level of the emissions that were required to manufacture the car. If the vehicle is recharged externally in line with the EU-28 electricity mix and if hydrogen produced from natural gas is used, the complete CO_2 life cycle emissions of the GLC F-CELL will amount to 34 tons. Use of the H2 MOBILITY hydrogen mix (50 percent renewable) can lower CO_2 emissions by 3.2 tons to 30.8 tons. The use of electricity and hydrogen produced exclusively from renewable sources makes it possible to reduce CO_2 emissions to 16 tons. The life cycle assessments here are modeled on the basis of the SORT 2 cycle and a total life cycle mileage of 600,000 kilometers.

In production, the drive components specific to the GLC F-CELL require a greater use of material and energy resources. The proportion of steel and iron is reduced by the omission of a combustion engine and transmission plus their peripheral units. On the other hand, the proportion of polymers, light alloys and other metals is increased.

Graphic 23 Material and energy resource consumption of the GLC F-CELL Plug-IN Hybrid, p. 44

Mercedes-Benz eCitaro Solobus. In 2018 for the first time we investigated the Mercedes-Benz eCitaro and the Mercedes-Benz Citaro Diesel (OM 936) on the basis of ecological criteria. The eco balance hereby serves for internal comparisons regarding the eco-performance of the two vehicles. The study also caters to the requests of bus companies and cities that are very interested in such an ecological comparison and assessment.

We hereby always look at the entire life cycle with the phases of manufacturing, usage (comprising fuel production including AdBlue and electricity generation and driving) as well as end of life. We take a mileage of 600,000 kilometers over the life cycle for both buses.

The assessment of the eCitaro analyzed two paths for the production of electricity in the use phase. If the bus is recharged externally using renewable hydroelectric sources, the complete CO_2 life cycle emissions of the vehicle will amount to 91 tons. If the European electricity mix is used, CO_2 emissions increase to 404 tons. However, the Citaro diesel model produces a total of 653 tons of CO_2 emissions throughout its life cycle. Depending on how the electricity used to power it is generated, the eCitaro therefore produces CO_2 emissions that are either 38 percent (European electricity mix) or 86 percent (electricity from hydropower) lower than those produced by a conventional Citaro diesel model.

Graphic 24 Eco-balance Mercedes-Benz eCitaro Solobus in comparison to Mercedes-Benz Citaro Diesel city bus, p. 45

[1] Technical details and statements about hydrogen consumption and CO_2 emissions on p. 21.

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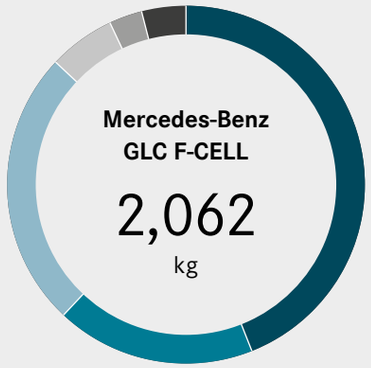
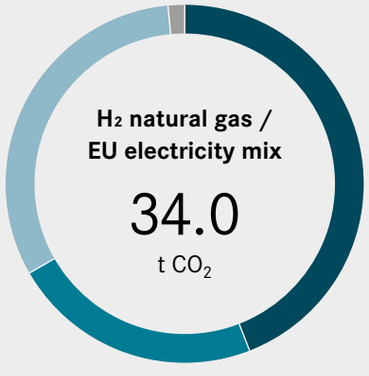
Material and energy resource consumption GLC F-CELL Plug-IN Hybrid

Material resource consumption

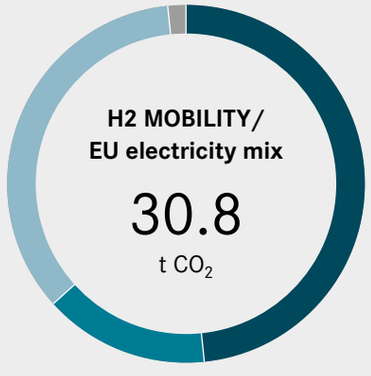


44% Steel/iron
18% Light alloys
25% Polymer materials
6% Other metals
3% Operating fluids
4% Other materials

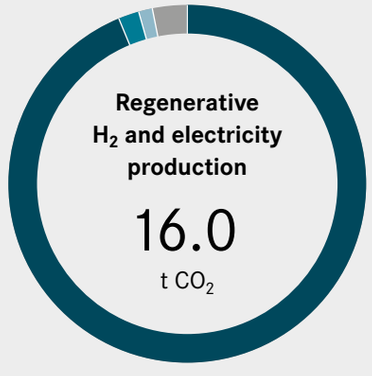
CO_2 emissions over the entire life cycle



15.0 Car production
7.7 Power generation
10.8 Hydrogen production
0.5 End of life



14.9 Car production
4.6 Power generation
10.8 Hydrogen production
0.5 End of life



15.0 Car production
0.3 Power generation
0.2 Hydrogen production
0.5 End of life

More information about the life cycle assessment of the GLC F-CELL Plug-IN Hybrid[1] can be found on p. 43

[1] Technical details and statements about hydrogen consumption and CO_2 emissions on p. 21.

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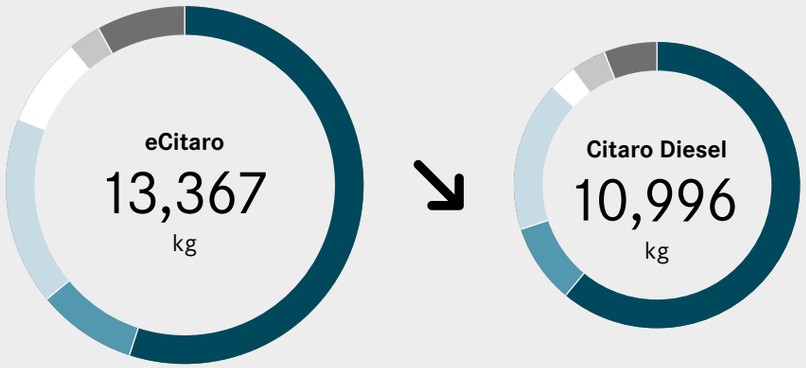
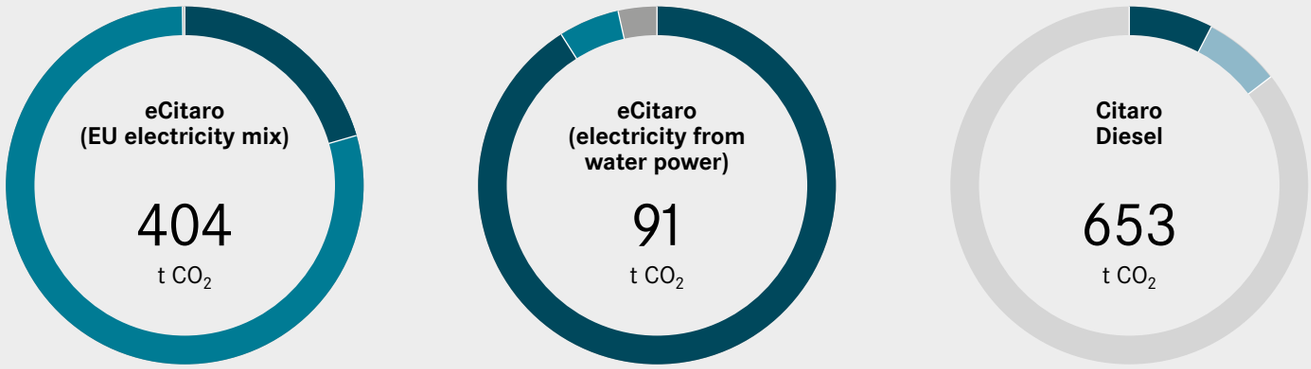
Eco-balance Mercedes-Benz eCitaro Solobus in comparison to Mercedes-Benz Citaro Diesel city bus

Comparison of material resources



eCitaro		Citaro Diesel	
55%	Steel and iron materials	61%	Steel and iron materials
9%	Light alloys	9%	Light alloys
17%	Polymer materials	17%	Polymer materials
8%	Other metals	3%	Other metals
3%	Operating fluids	4%	Operating fluids
8%	Other materials	6%	Other materials

CO_2 emissions over the entire life cycle



eCitaro (EU electricity mix)		eCitaro (electricity from water power)		Citaro Diesel	
83	Bus manufacturing	83	Bus manufacturing	43	Bus manufacturing
318	Electricity generation	5	Electricity generation	46	Fuel production incl. AdBlue
3	End of life	3	End of life	562	Driving operation
				3	End of life

More information about the life cycle assessment of the eCitaro solo bus compared to the Citaro Diesel solo bus can be found on p. 43

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Conservation of resources at our plants

Along with the fuel economy, the key factors that influence environmental compatibility are the consumption of resources used to manufacture our vehicles and the environmental impact of such production operations. The strategic corporate objective in the "Green Production Daimler" project is therefore to continuously reduce resource consumption and increase the efficiency of resource utilization. To this end, our MBC division has set itself the following targets:

Specific energy consumption (per vehicle):
-25% by 2022 relative to 2015

Specific water consumption (per vehicle):
-15% by 2022 relative to 2015

Specific waste volume (per vehicle):
-25% by 2022 relative to 2015

Initiatives for ensuring raw materials from safe origins. As part of our campaign to ensure the sustainable procurement of raw materials, we have teamed up in various initiatives with industry associations, organizations and competitors. Our common goal here is to ensure certifiable standards, greater transparency in procurement and safe origins with respect to potentially risky raw materials. With these goals in mind, Daimler joined the Responsible Cobalt Initiative, the Responsible Mineral Initiative, the Responsible Steel Initiative and the Aluminium Stewardship Initiative in 2018.

Greater transparency in the supply chain. As part of our efforts to establish a sustainable raw material supply chain, we reviewed the complete supply chain for the paint raw material mica in 2018 – from the mine to the painting of Mercedes-Benz vehicles in manufacturing plants. Our aim here was to increase transparency throughout all stages of the value chain in order to ensure to the greatest extent possible that indirect raw material sub-suppliers also comply with all sustainability requirements. Mica is used in vehicle paints to achieve a shimmering effect. However, the mining of mica has repeatedly been connected with child labor in India, and we therefore systematically investigate any indications of such child labor, even though we do not procure this raw material directly. Within the framework of this approach, a team of quality engineers and compliance and human rights specialists audited three mines in India that supply mica for Mercedes-Benz paints. After auditing the mines and processing companies, the team followed the path of the mica to the facilities used for further processing in order to exclude the admixture of mica from non-audited mines or illegal sources.

Environmental risk management, p. 10
Human rights, pp. 71 ff.
Sustainability in the supply chain, pp. 107 ff.

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Reducing environmental risks. In 1999, we developed a methodology for assessing environmental risks (environmental due diligence) as a tool for preventing risks to the environment and complying with statutory requirements. We have applied this methodology throughout the Group since 2000, both internally and also externally in connection with our acquisition plans. During this period we have conducted three complete risk assessments at the Daimler production plants of Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks and Daimler Buses.

The fourth round of environmental risk assessments began in 2014. A number of new risk aspects have been integrated into the topic areas. Nonetheless, we have not changed the methods or the tools, because we want these results to be comparable with the results of the assessments that have already been carried out. In this way, all the production locations are being visited and assessed in five-year cycles according to well-established and standardized procedures. The results are reported to the plant and divisional managements, and the Group annually assesses the implementation of the recommendations for minimizing risks at the locations. In this way, we are striving to enforce the high environmental standards to which we have committed ourselves at all of our production locations around the world.

In 2018, we evaluated the production locations of the Detroit Diesel Remanufacturing business area and a number of CKD plants of MBC. The most important results were in the areas of explosion protection and the proper storage of hazardous substances.

Expansion of battery production. Our ability to produce high-voltage batteries in our own battery manufacturing network that will stretch across three continents is of crucial importance for safeguarding the production of our electric vehicles. Our first battery production facility is already up and running in Kamenz and additional facilities have been planned or are now being built at six locations: Stuttgart-Untertürkheim, Sindelfingen, Kamenz (Germany); Beijing (China); Tuscaloosa, Alabama (USA); and Bangkok (Thailand). Our activities here also include the expansion of battery recycling operations. The expansion of our battery production also underscores the rapid and necessary transformation of our company into an organization that focuses on electric mobility. All in all, we are investing more than €1 billion in the global battery manufacturing network, which is part of Mercedes-Benz Cars' global production network.

Battery cells with a total volume of €20 billion. In mid-December 2018, Daimler took a further step to safeguard the transformation of our company into a provider of electric mobility products and solutions. After investing billions of euros in the development of our electric fleet and the expansion of our global battery network, Daimler is now systematically forging ahead into the electric future with the purchase of battery cells for more than €20 billion. Among other things, Daimler plans to have a total of 130 electric variants on offer at Mercedes-Benz Cars by 2022, and we will also launch additional electric vans, buses and trucks. With its extensive orders for battery cells until the year 2030, the company has reached yet another important milestone with regard to the electrification of vehicles to be marketed under the EQ product and technology brand in the future. In this manner, Daimler and its supplier partners plan to safeguard the supply of materials to the global battery production network today and in the future by using the latest technologies. Our suppliers already manufacture battery cells in Asia and Europe and are continuing to expand their operations in Europe and the United States as well.

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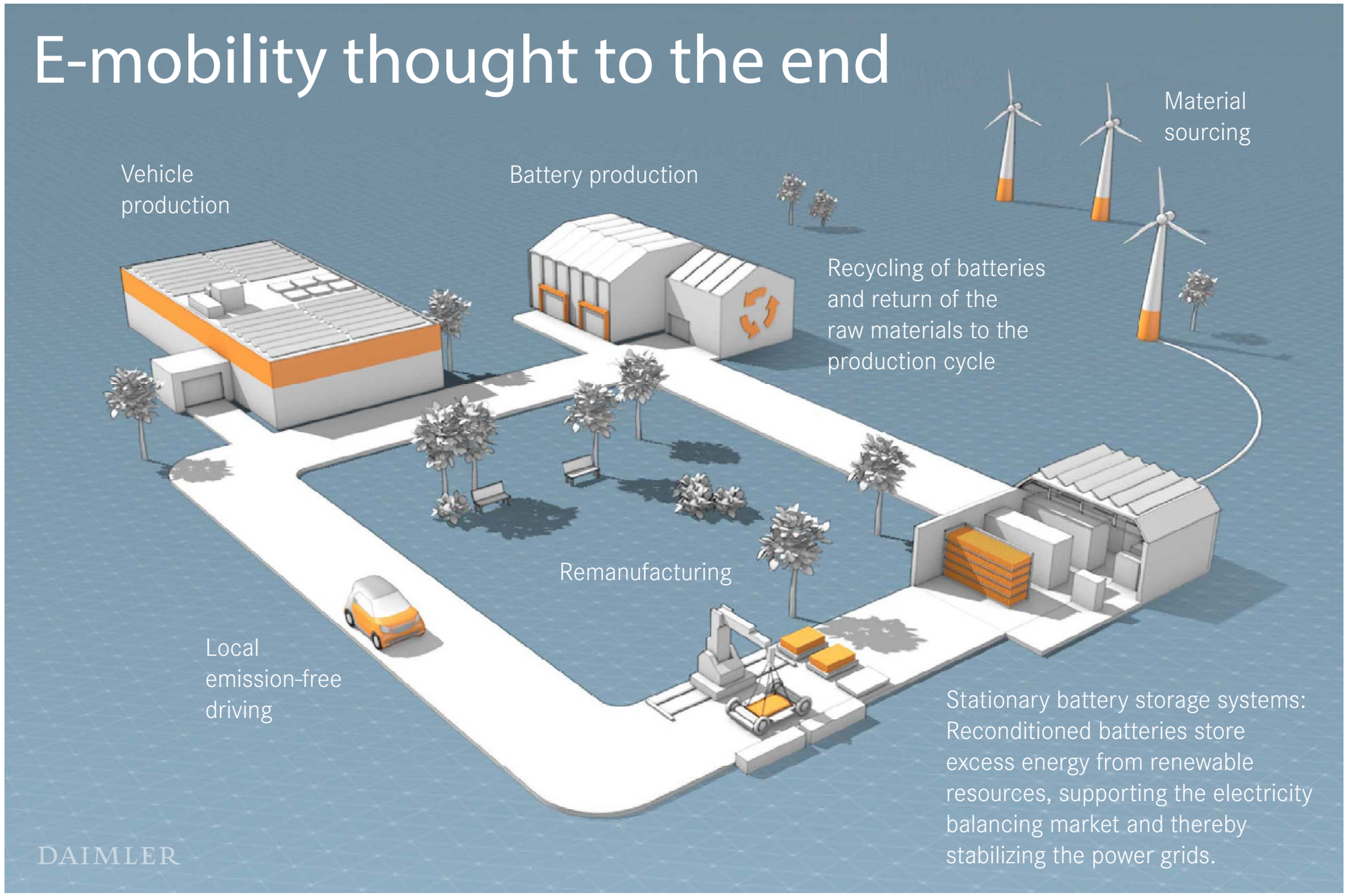

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Electric mobility thought through to the end. We take a holistic view of electric mobility. In an effort to implement the recycling process chain and safeguard future raw material supplies for electric mobility, Daimler AG is actively involved in the research and development of new recycling technologies. With the establishment of our wholly owned subsidiary Mercedes-Benz Energy GmbH, we are now focusing for example on reusing batteries. After all, the life cycle of a battery does not have to end after it has done its job in a vehicle, as the battery can be reused for stationary energy storage devices. Battery systems that have yet to be installed in electric vehicles, and have therefore remained in stock as spare parts, can also be used as energy storage units.

Coal-fired power station becomes a battery storage system. The use of new and used battery systems from hybrid and electric vehicles as stationary energy storage units is a key component of our overall electric mobility concept. In 2018, for example, Daimler, Mercedes-Benz Energy GmbH, GETEC ENERGIE AG and The Mobility House AG technology company put an innovative battery storage system into operation at a decommissioned coal-fired power plant in Elverlingsen in the South Westphalia region of Germany. A total of 1,920 new high-voltage battery modules for the third generation of the electric smart are now at the facility waiting to be used in cars – and serving as stationary storage units in the meantime. In this manner, the major spare-parts storage facility is making an installed power output of 8.96 MW and energy capacity of 9.8 MWh available to the energy market and thus enabling the stabilization of the grid with balancing power as well.

The efficient double usage of the battery systems here improves the life cycle assessment and also lowers the life cycle costs of electric mobility. The batteries themselves also benefit because in order to maintain their performance, they need to be “cycled” on a regular basis during the storage period – i.e. charged and discharged in a non-disruptive manner, which is what occurs automatically in a stationary storage unit.

If after a long period of use in a vehicle the capacity of a high-voltage battery falls below 80 percent of the original capacity, it can still be used effectively in second-life battery storage systems. We put a 12.8 MWh battery storage plant into operation in Lünen in 2016.

Nature conservation and biodiversity. Along with measures to reduce emissions and protect the climate, soil, and water resources, the maintenance and promotion of biodiversity is also a key component of our company’s sustainability strategy. The decline of biodiversity is a global problem caused and accelerated by the extensive exploitation of resources, the increase in CO_2 emissions, the environmental impact of industrial production and global warming.

In view of this development, we feel we have an obligation to protect and maintain biodiversity. For this reason, we have developed an internal biodiversity guideline that includes practical recommendations for utilizing land in line with natural conditions at our various plants. The guideline encourages and motivates employees and managers to actively promote and implement measures that further biodiversity. Exemplary initiatives for maintaining biodiversity at our locations range from the establishment of nesting places for local bird populations to the construction of “insect hotels” and beehives, the creation of green spaces on roofs and facades, and the construction of dry streams, rock gardens and flower meadows. The latter also serve as popular places of relaxation for our employees.

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In April 2018, our Gaggenau plant was presented with an award for redesigning an area known as "Bergmanngarten" under the motto "Historic company site – opportunities for promoting biodiversity." In 2018, the Daimler Trucks site Rastatt once again received an award for "Nature meets industry – even small spaces can promote the protection of endangered species."

These awards confirm that we're on the right track when it comes to maintaining biodiversity and they also motivate us to continue with our efforts in this regard. Activities in Gaggenau primarily focused on replacing lawns with ecologically friendly greenfield concepts; some 25,000 square meters of lawn space have been converted in this manner to date. Many biodiversity activities are coordinated closely with the NABU environmental organization, local unit Rastatt, in line with the "111-endangered-species basket" defined by the state government of Baden-Württemberg.

A further practical example of our efforts to maintain biodiversity is offered by the detailed mapping of plants and trees at our plant site in Pune, India. The documentation of more than 2,500 trees in a dedicated database and the labeling of plants with QR codes allow us to continuously monitor the development of plants and trees at the site. Plant employees can also view the mapping results at a special website set up for this purpose.

Environmental protection at the new Immendingen Test Center. Our new Testing and Technology Center in Immendingen brings together our global vehicle testing activities. The center became fully operational in 2018, and we also launched a new construction project at the site in September 2018 to complete an ultramodern emissions testing center there by 2020.

The testing and technology center built on a former military site is not only considered exemplary because of the open and transparent overall process applied there; it's also a model facility in terms of sustainability and environmental protection. For example, Daimler cooperated with associations for the protection of nature and the environment on the development of extensive nature conservation activities at the site and also engaged in a constructively critical dialog with these associations. The goal here was, and still is, to enable technological progress in harmony with nature. In line with this approach, habitats for plants and animals have been created in Immendingen, and areas at the site have been reforested and planted. A wildlife passage also crosses through the entire site. In this way we are carrying out offsetting and replacement measures over a total area of 625 hectares in accordance with the relevant nature conservation laws.

Liveable cities

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The traffic situation in cities can be made more tolerable by improving traffic flows with the help of phased traffic lights, for example. Other effective approaches include better cooperation between local governments, delivery companies, and OEMs and the electrification of vehicles, including public transport and distribution haulage vehicles. With moovel and car2go, Daimler already offers two successful mobility services that are specifically designed to have a positive impact on mobility in cities. The linking of different modes of transport, which has often been requested, is increasingly gathering speed thanks to digitalization. For example, a mobility service or public transport ticket is now booked/purchased once every 1.5 seconds with our moovel app. This is a great thing – and not only because Daimler is the world's leading bus manufacturer. Free-floating carsharing to and from any location is already a matter of course in many cities today. We've been a pioneer in this area since 2009 with car2go, which is used by more than three million customers today and now boasts a large proportion of electric cars. Indeed, over the last four years, a total of roughly 55 million locally emission-free kilometers have been driven with our car2go fleet.

Joint mobility service provider from BMW and Daimler
The joint venture

Mobility services

Our mobility services portfolio comprises carsharing and ride-hailing services and multimodal platforms such as the moovel app. Whether it's a wholly owned subsidiary like car2go or the financial interest we've acquired in companies such as Blacklane, Flixbus, Careem, Via or Turo – more than 31 million customers in over 120 cities worldwide, from Europe to America and Asia, used one of our mobility services in 2018.

The mobility services offered by Daimler once again experienced strong growth during the year under review. These services, which include car2go, moovel and mytaxi, grew at a rate of 64 percent overall, with the moovel Group alone recording growth of 69 percent in the last twelve months.

New name, new record. Daimler Financial Services AG will change its name to Daimler Mobility AG in mid-2019. With this name change, Daimler is clearly demonstrating its commitment to the provision of digital mobility services. With growth rates in the high double digits, Daimler is also one of the leading companies for such services on the market today.

Overview of the mobility of the future

Daimler and BMW establish joint venture. Daimler and BMW are combining their mobility services into a joint mobility powerhouse. The 50-50 joint venture will offer services such as car2go, DriveNow and the mytaxi app – all from a single source. The new company will have its headquarters in Berlin and offer its services around the globe. DriveNow, the carsharing service from BMW, has more than one million customers in Europe, while car2go has approximately 3.5 million. mytaxi will become part of the ride-hailing unit. With more than ten million passengers and over 100,000 registered taxi drivers, mytaxi is the leading taxi ordering app in Europe. moovel, a Mobility-as-a-Service pioneer that functions much like a mo-

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bility operating system, makes it possible for customers to book and pay for different modes of transport – i.e. taxis, buses, trains, carsharing and even bicycles – using just one app. moovel's public transport ticketing feature for regional and urban journeys offers a perfect solution that also helps reduce passenger car traffic volume. The new mobility powerhouse will offer services in the following five verticals:

- **Carsharing** with car2go and DriveNow
- **Ride hailing** with mytaxi, Beat, Clever Taxi and Chauffeur Privé
- **On-demand mobility** with the moovel and ReachNow platforms
- **Parking** with Parkmobile and ParkNow
- **Charging** for electric vehicles with ChargeNow and Digital Charging Solutions

Electric carsharing is moving electric mobility forward. Electric carsharing fleets are playing an important role in the breakthrough of electric vehicles. This was the conclusion reached by a white paper based on the knowledge gained through the actual business operations of car2go, the world's leading provider of free-floating carsharing services. The paper explains why electric carsharing can play a decisive role in the development and expansion of electric mobility. For example, carsharing with electric vehicles offers an optimal area for tests and experiments involving electric vehicles. Through carsharing, electric mobility technologies are currently being exposed to very different types of conditions and can thus demonstrate their suitability for everyday use in real driving situations. The knowledge being gained as a result benefits not only vehicle manufacturers but also every player involved in the electric mobility system as a whole – i.e. power companies, grid operators, battery manufacturers, research facilities, cities and, of course, the users of electric carsharing services. In the case of the latter, carsharing with electric vehicles helps people overcome any reservations they might have about electric mobility.

car2go is booming. During the year under review, car2go was able to further expand its leading global market position for flexible free-floating carsharing services. In early 2019, Paris started as the 15th car2go location in Europe and the 26th worldwide. The French capital is set to be equipped with an all-electric fleet of 400 smart EQ fortwo[1] models, thus becoming the fourth major city after Amsterdam, Stuttgart and Madrid in which car2go customers can enjoy locally emission-free driving. A total of 1,400 cars in the global fleet of 14,000 car2go vehicles were electric models in the year under review. An electric car2go model is rented once every nine seconds on average. car2go made its biggest gains in 2018 in Berlin, New York, Vancouver and Chongqing. Chicago was added in July 2018, which means car2go is now operating in ten North American cities.

[1] Technical details and statements about power consumption and CO_2 emissions on p. 21.

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car2go facts and figures (as of January 2019)

25

locations worldwide

3.6

million customers worldwide
- 2.01 million customers in Europe
- 1 million customers in Germany
- 430,000 customers at electric locations

>10,000

electric drives per day
- Four purely electric locations in Stuttgart, Amsterdam, Madrid and Paris
- Every eighth kilometer driven is electric
- 84 million electrically driven kilometers

14,000

free-floating carsharing vehicles
- About 2,100 electric vehicles

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Taking a vacation with car2go. car2go customers in Europe can use their account in 15 cities – and more and more customers are therefore now using car2go for their vacations. The number of cross-border trips taken with car2go in Europe increased by 38 percent in 2018 compared to the previous year. Germany is the most popular destination for car2go trips within Europe, while most German cross-border customers use the carsharing service to travel to Austria and Italy.

Electric scooters in Lisbon. mytaxi presented its electric scooter project for Lisbon in November 2018. The company has now launched a service with several hundred electric scooters under the "hive" brand name. Customers can use the "hive" app to easily locate and activate an electric scooter for a journey and then to lock it again at their destination. Electric scooters are perfect for short trips – and are often a faster means of transport than a car for journeys over a distance of one or two kilometers. Plans call for the electric scooter service to be gradually expanded in the Portuguese capital.

The electric scooters not only offer an attractive way to get around any big city; they also represent an environmentally friendly alternative mode of transport that helps reduce traffic congestion and air pollution. In this regard, "hive" also utilizes a sustainable approach for the charging process, as the electricity used to power the new electric scooters is primarily generated from renewable energy sources. What's more, plans now also call for all the electricity used to charge "hive" electric scooters to be obtained from renewable sources by the end of 2019. The pilot project in Lisbon will be followed by the launch of "hive" services in other European cities.

Mobility-as-a-Service for cities. The moovel Group has set itself the goal of simplifying urban mobility and improving the quality of life in cities. The Mobility-as-a-Service (MaaS) platform allows cities and transport companies to incorporate various providers of mobility services into a single "operating system for urban mobility." The mobility app is an important component of this operating system, as it serves as an interface to the customer for cities and transport companies. For example, the app makes it possible to purchase and pay for public transport tickets in Düsseldorf, Hamburg, Karlsruhe and Stuttgart, and it also offers users access to other mobility options such as carsharing, ride-hailing and bike rentals. moovel is now the leading provider of mobile ticketing applications for local public transport networks in the USA. Such applications enable customers to purchase and pay for public transport tickets with their smartphone. At the moment, moovel N. A. works with more than 20 public transport companies.

moovel on-demand in Stuttgart and LA. moovel offers local public transport operators the software needed to provide an on-demand ride-sharing service that makes local public transport a more attractive option overall. The Stuttgarter Straßenbahnen AG transport company and moovel are currently testing the moovel Group's on-demand ride-sharing platform under the name SSB Flex in a pilot project in Stuttgart that began in June 2018. moovel on-demand technology has also been operating in downtown Los Angeles since October 2018.

Successful joint venture with Via. Daimler entered the ride-sharing business in 2017, when it established the ViaVan on-demand ride-sharing service as a joint venture between Mercedes-Benz Vans and the US start-up Via. ViaVan has since been launched in Amsterdam, London, Berlin and Milton Keynes. ViaVan works closely with cities and public transport operators to supplement and strengthen existing urban transportation infrastructure and help reduce traffic congestion and pollutant emissions. Within the framework of their partnership, Daimler and Via are also co-operating on the development of advanced mobility solutions involving everything from sensor technology to electric-vehicle fleet management and autonomous driving.

ViaVan

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Daimler acquires an interest in taxify. Daimler acquired a financial interest in the taxify ride-hailing company in May 2018. taxify is based in Estonia and operates in more than 25 cities in 20 countries. With the holding, Daimler is expanding its portfolio of digital mobility services, which include ViaVan and the Group's interests in the Blacklane limousine service and the Turo peer-to-peer carsharing platform in the USA. Since 2013, Daimler Financial Services has also had a financial interest in Flix-mobility, which is the mobility service offered by the FlixBus and FlixTrain brands. FlixBus is the market leader for long-distance bus transport in Europe, and its green-colored buses also began operating successfully in the US in May 2018.

Mobility concepts

Innovative parking solutions. Finding a parking space in a city can be extremely difficult. Locating the space itself is one challenge; getting a car in and out of a tight space undamaged is another. Mercedes-Benz offers car drivers support for both challenges with state-of-the-art assistance systems, the intelligent networking of vehicles and infrastructure, and smart services for parking. Along with the drivers themselves, this also benefits the environment and cities by reducing the number of cars looking for parking spaces and ensuring more efficient use of available spaces and facilities.

Our innovative solutions for parking ease the burden on drivers in every phase of the parking process – from the search for a space to actual parking and locating the vehicle when it's time to leave again.

- **On-Street Prediction, Real-Time Information, Off-Street Information –** these three new Mercedes me connect services make it easier for drivers to find a parking space. The optional services can be used via the Mercedes me app in S-Class and E-Class models, the CLS and, since June 2018, in the C-Class and the new A-Class as well.

- **PARKTRONIC:** This active parking assistant system makes it easier to find a parking space and then park in it and pull out of it again. The system automatically steers the vehicle into a parking space. If an obstacle is detected, it can brake and, if necessary, automatically change the direction the vehicle is moving in, while also activating the turn signal lamp.

- **Automated Valet Parking** is a feature for driverless parking that is currently being tested in a pilot project at the Mercedes-Benz Museum parking garage in Stuttgart. With this system, drivers leave their vehicle in a "drop-off area" when they arrive at the garage. After that, one click in the associated smartphone app is all it takes to get the car to drive autonomously into the garage and park in a free space. The system works exactly the same way the other way around: Drivers order the vehicle via the app, after which the car starts and drives autonomously to a "pick-up area."

- **The Mercedes-Benz Parking Card** enables easy access to, and cashless payments for, parking spaces in selected parking garages in Germany. The card, which is available via the Mercedes me portal, is automatically scanned when a vehicle approaches a parking garage, thereby eliminating the need to maneuver up to a garage gate or wait in line at payment machines when exiting.

- **The Mercedes me Car Sharing app** allows drivers of A-Class vehicles to share their car with a specified group of users, so that it can be used during the time it would normally be parked. The app, which went into operation in September 2018, thus enables friends, family members or colleagues to easily book and borrow the A-Class for a specific period.

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- **The CHARK.me app** is currently being tested in a pilot project with Daimler employees in Stuttgart. The app transforms parked cars into a "hub" to which service providers can deliver packages, food or laundry ordered by the driver. The system requires a Mercedes-Benz vehicle with Mercedes me connect capability. Plans call for the project to be expanded to include external customers in 2019.

- **The smart "ready to spot" service** helps drivers find their parked vehicles and also offers other features that make it easier for drivers to find their way back to their cars.

moovel presents the digital mobility marketplace. The moovel Group presented its digital marketplace at the leading international trade fair for transport technology, InnoTrans, in September 2018 and then again at the Smart City Expo in Barcelona in November 2018. The marketplace solution benefits customers, transport companies, and mobility service providers. Among other things, it enables the flexible modeling of payment flows, thus meeting the varied requirements of Mobility-as-a-Service use cases, particularly those that involve multimodal transport. Transport companies can use the digital marketplace to combine their transport services with other mobility services and integrate these into new pricing models – without having to deal with the regulatory expense of purchasing a payment license or obtaining an exemption from one. Well over six million people worldwide now use products offered by the moovel Group.

World premiere of the Vision URBANETIC. In 2018, we presented a forward-looking mobility concept in the form of the Vision URBANETIC study. Our goal with this concept vehicle is to be able to transport more people and goods with fewer vehicles on an almost unchanged road infrastructure in order to ease the traffic burden in inner cities, while at the same time meeting the increasing requirements associated with mobility. The solution we've come up with is a vehicle that can transport both people and goods. Depending on the body structure used, the Vision URBANETIC can serve as a ride-sharing vehicle for up to 12 passengers or as a cargo transport van that can hold as many as ten Euro pallets. The concept is based on an autonomous electrically powered chassis integrated into a complex IT infrastructure – the vehicle control center – that analyzes supply and demand within a defined area in real time. This IT system can also take into account local information about nearby events, for example. The vehicle control center uses the data it collects to identify a group of people in a specific area, for example, after which it automatically orders vehicles to meet the increased ride-sharing demand quickly and efficiently.

Vision URBANETIC can do even more, however, since its full networking capability and intelligent control system enable it to not only analyze information but also learn from it. As a result, the system can anticipate and respond to future needs and thus optimize its processes accordingly in order to shorten waiting and delivery times and avoid congestion. The result is an autonomous fleet of vehicles whose routes can be flexibly and efficiently planned by a vehicle control center. The idea here is that the concept vehicle should ease the traffic burden in inner cities over the long term and help improve quality of life for city dwellers.

Vision URBANETIC expands the adVANce future initiative.
The Vision URBANETIC concept vehicle expands our adVANce strategic future initiative by adding the AUTONOMOUS@VANS innovation field. adVANce focuses on innovation fields that hold the key to the future success of the transport and logistics sectors. The eDRIVE@VANS innovation field addresses the electrification of the van portfolio. "Connectivity and the Internet of Things (IoT) applications" focuses on the optimal integration of diverse digital technologies into Mercedes-Benz Vans products (DIGITAL@VANS). "Innovative hardware solutions" (SOLUTIONS@VANS) pursues the goal of achieving the continuous improvement of load-space logistics and being able to effectively adapt to changing requirements in the transport industry. Mercedes-Benz Van Rental marks the first time

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a Group brand has focused exclusively on van rentals (RENTAL@VANS). An initial example of the development of innovative sharing services is offered by our joint venture with the US startup Via (SHARING@VANS).

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Electrification of local public transport – new eCitaro with an improved range, p. 23
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The eDRIVE@VANS electric strategy

Bus Rapid Transit. The bus transport system known as Bus Rapid Transit (BRT) enables fast, convenient and cost-effective mobility in cities. BRT systems use dedicated bus lanes that enable congestion-free operation and short intervals between buses. Exhaust gas and noise emissions can be reduced. The separation from normal road traffic enabled by the dedicated lanes also makes service more reliable and allows the buses to travel at higher speeds. If a BRT system is to work effectively, the buses must be given priority at traffic lights. Modern barrier-free bus stops, pre-ticketing systems, and connections to other public transport services and Park&Ride and Bike&Ride locations are also important.

Daimler Buses introduced a BRT system in the Australian city of Adelaide around 30 years ago, which made it one of the pioneers of urban mobility solutions. Approximately 185 BRT systems are currently operating on all continents, and we continue to support efforts to expand BRT systems around the world. For example, we supply suitable articulated buses, and our international team of experts also provides advice to transport companies on the introduction and further development of BRT systems.

New minibuses for cities. Daimler presented a new generation of Mercedes-Benz minibuses at the 2018 IAA Commercial Vehicles show. The flagship of the Sprinter City minibus series is the Sprinter City 75, a minibus 8.5 meters long that can transport up to 38 passengers. The vehicle's body conceals innovative technology, including an extra-long wheelbase that enables the installation of a spacious low-floor platform between the axles. This platform can be used flexibly to accommodate folding seats, wheelchair and stroller bays, seating with a quick-change system or standing areas. Another unique feature is a heavy-load rear axle that was developed and manufactured exclusively for Mercedes-Benz minibuses. The vehicle's load capacity of 5.0 tons forms the basis for its GVW of 6.8 tons.

Digital services for networked fleet management. Future mobility solutions will be based primarily on the networking of vehicles, and this will especially be the case with regard to commercial vehicle fleets. With the requirements of fleet managers in mind, Mercedes-Benz Connectivity Services GmbH expanded its "connect business" service in 2018 to include a new Driver Messaging feature and an interface for integrating the service into existing systems. All data relevant to a vehicle fleet is bundled on the "connect business" platform, which also allows centralized control of the fleet. With "connect business," relevant fleet data can be called up at any time, which makes it possible for fleet managers to plan for unexpected events and reduce downtime. In this manner, "connect business" supports proactive fleet management and helps to optimize existing processes and increase the fleet's efficiency.

Since the launch of "connect business" in 2017, the number of vehicles networked via its platform has risen to approximately 30,000. The platform's connectivity services have also been available in France, Belgium and the Netherlands since 2018. Whereas the service's features were originally only provided for passenger car fleets with Mercedes-Benz vehicles, they can now be used for vehicles from all manufacturers via a hardware retrofitting solution.

Traffic safety

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The vision of accident-free driving is an essential component of Daimler's DNA. The company has been a pioneer in safety and assistance systems for decades, one reason being that the accident research activities at the Group establish the foundation for improving such systems.

Vehicle and traffic safety have been continuously improved to a significant degree over the past 60 years. Daimler supports the efforts undertaken by government authorities to create the conditions necessary for achieving further improvements. At the same time, Daimler itself continues to take measures to enhance safety on the road, and vehicle and traffic safety have always been and continue to be an important focus of the Daimler Group's vehicle development activities.

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

Assistance systems that prevent accidents are very effective and helpful, and Daimler offers a great number of such systems in order to ensure a high level of safety in our vehicles.

Daimler makes use of all the wealth of knowledge at the company in order to meet the extensive requirements for active safety – our Trucks, Vans, Buses and Cars divisions have been closely linked with one another and with Group Research for many years now. As a result, all units of the Group benefit from the experience and developments of the others. Our development engineers continuously improve the sensors used in our vehicles in order to optimize our safety and assistance systems. These systems take into account an increasing amount of data. Extensive tests are therefore conducted to ensure that the sensors are "taught well" and that assistance systems can trigger standardized reactions to complex traffic situations quickly and smoothly.

Over the next few years, the intelligent combination and further development of assistance systems will pave the way for highly automated driving. Every new safety and assistance system that is introduced should, and can, reduce the number of accidents that occur, and the intelligent integration of all such systems could lead to a quantum leap on the road to accident-free driving, ultimately culminating in the development of a highly complex overall system. Such a system would be able to react to the surrounding traffic situation more or less as flexibly as humans do – but with one major difference: It would never become tired or distracted or allow itself to be influenced by emotions or moods, which are precisely the factors that frequently play a role in accidents today. This is how highly automated driving might reduce the number of accidents that occur in the future.

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Assistance systems for safe driving

The World Health Organization intends to cut the number of fatalities and injuries on roads in half by 2020. Moreover, the EU has set itself the target of reducing the number of traffic deaths in Europe to nearly zero by 2050.

Automakers can help society achieve these goals by equipping their vehicles with safety systems. By contrast, the ability of automakers to influence driving behavior and traffic infrastructure is limited.

Daimler intends to significantly increase safety in road traffic by means of state-of-the-art driver assistance systems and vehicle-based protection systems, always with the vision of accident-free driving in mind.

Daimler became a pioneer in digital assistance systems when it introduced the anti-lock braking system 40 years ago – and our success story in this field continues to this day. Here are a few examples:

Top marks in safety testing. Mercedes-Benz models repeatedly earn top marks in safety tests. Of particular note in this regard are the top marks we regularly receive from the American Insurance Institute for Highway Safety (IIHS). The IIHS assesses both crash-safety features and accident-prevention systems. Stringent requirements for vehicle lights were introduced for the 2018 model year, and Mercedes-Benz vehicles have done an excellent job of meeting them. The Mercedes-Benz E-Class, the GLC and the GLE, for example, received the highly coveted Top Safety Pick+ award in the year under review, while the C-Class also did very well, being named a Top Safety Pick.

Outstanding safety in the new GLE. The new GLE, which we presented at the Mondial de l'Automobile in Paris at the beginning of October 2018, puts the latest generation of driving assistance systems on the road. With this model, we have done more than just raise the level of vehicle safety even further relative to the predecessor model: Several system functions were also unique in the SUV segment at the time the vehicle was unveiled. One example involves tailback management. With the Active Distance Assist DISTRONIC system, the new GLE can detect and react to traffic jams or traffic congestion before the driver even sees a problem. Once the system detects a jam, it reduces the vehicle's speed to 100 km/h, which gives the Active Stop-and-Go Assist feature enough time to brake the car to a standstill before it reaches the traffic jam.

Active Stop-and-Go Assist can also significantly ease the burden on drivers in heavy traffic. If lane markings are present, the system can largely keep the vehicle in lane and maintain a safe distance to the car ahead at a speed of up to 60 km/h, and it can even help create an emergency lane for rescue crews in the event of an accident. It does this by evaluating the road category, vehicle speed, and the distances to vehicles traveling ahead and in adjacent lanes. Active Stop-and-Go Assist also uses the Stereo Multi Purpose Camera (SMPC) and radar to detect cars cutting in front of the vehicle. Once a traffic jam dissolves, DISTRONIC takes over and either accelerates back up to the speed preset by the driver or else speeds up to 130 km/h, which is the recommended speed on major German highways.

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Intelligent Drive in the new A-Class. The new A-Class, which was presented in 2018, is equipped with the latest generation of driving assistance systems and thus attains a very high level of active safety in its segment. For the first time, the A-Class can now also drive in a partially automated mode in certain situations. Assistance systems such as Daimler's Active Blind Spot Assist are being used for the first time ever in the A Class. This system features an exit warning function that issues an acoustic alarm and, in the case of ambient lighting, also a visual warning if a road user is detected in the blind spot when the door is opened while the vehicle is at a standstill. Our Intelligent Drive safety philosophy is thus now being implemented in the compact class for the first time. The aim of this philosophy is to connect all driving and safety systems in an automobile, thus merging comfort and safety once and for all.

The sensors that supply the data needed for these functions form a tightly knit network in the vehicle. A particularly important component here is the Stereo Multi Purpose Camera (SMPC), which Mercedes-Benz is introducing simultaneously with the Intelligent Drive concept. The camera can spatially detect objects and pedestrians with the help of two lenses that enable three-dimensional vision. Optical detection here is supplemented by various radars and ultrasonic sensors.

Sprinter with a comprehensive safety package. The new Sprinter boasts the latest generation of safety technology, including the radar-based Active Distance Assist DISTRONIC system and Active Lane Keeping Assist. Also on board the van as standard equipment is Crosswind Assist, which significantly increases safety at high speeds in particular. The range of assistance systems is rounded out by the modular Parking Package, whose numerous sensors and reversing camera images on the multimedia display make parking and pulling out of spaces considerably easier. The Parking Package with 360-degree imaging actually includes four cameras that enable the multimedia display to show an all-round, bird's eye view of the van. The optional Blind Spot Assist system provides additional warnings when obstacles are detected.

Van Training teaches safe driving. Van Training courses were held once again throughout Germany in 2018. Participants at 57 special driver training centers were able to practice in different situations the proper use of the safety systems available in Mercedes-Benz vans – ranging from the Citan to the Vito, V-Class, and the Sprinter in a crewbus, panel van, crew-cab and box-body version. Several X-Class pickups were also part of the training program for the first time in 2018. More than 50,000 drivers have participated in the "Van Training on Tour" program since it was launched in 2003.

Greater truck safety. Trucks are repeatedly involved in accidents – for example rear-end collisions at the end of traffic jams and accidents that injure pedestrians or bike riders when truck drivers fail to see them while making turns. For Daimler, every accident is one too many. That is why our researchers and developers work continuously to create and systematically improve accident-prevention systems. We are supported in our efforts here by policies that increase the technical requirements for such systems. For example, within the framework of its revision of the EU directive on the general safety of motor vehicles, the European Commission has proposed, among other things, that turning assistance systems be made mandatory for all trucks and buses beginning in 2024.

We have been offering such assistance systems in our commercial vehicles since 2016. We were the first manufacturer to do so and, as things stand now, we are still the only one. Today our Sideguard Assist system can be ordered for more than 20 vehicle variants. In 2018, one out of every four Mercedes-Benz trucks delivered in Germany was equipped with it. During the year under review, the Mercedes-Benz Econic was added to the list of vehicles equipped with our Sideguard Assist system, and the model now also features Active Brake Assist 4 with pedestrian recognition. Active Brake Assist 4 is the world's first assistance system for trucks that warns drivers of an impending collision with moving pedestrians and can also automatically initiate a partial braking maneuver.

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The Actros with Active Brake Assist 5. The new Actros is equipped with Active Brake Assist 5. A new feature here involves interaction between the radar and the camera systems. This interaction enables Active Brake Assist 5 to react more effectively to pedestrians than Active Brake Assist 4 in a speed range of up to 50 km/h. Within the limits of the system, Active Brake Assist 5 can react to people crossing a road, approaching the truck or walking in the truck's lane. A multi-stage warning system engages if such a situation occurs. If the driver fails to react, Active Brake Assist 5 initiates emergency braking within the limits of the system. This is also done if a pedestrian who is not paying attention steps out in front of the vehicle and becomes scared and disoriented and fails to get out of the way.

First partially automated assistance system in a series-production truck. With Active Drive Assist, we are now offering the first partially automated (Level 2) assistance system in a series-production truck. Active Drive Assist enables partially automated driving in all speed ranges for the driver of a series-produced truck. The new features here are active lateral control and the combination of longitudinal and lateral control, which is made possible by the fusion of radar and camera information. Active Drive Assist enables an interplay between the Proximity Control Assist system with its stop-and-go function and Active Lane Keeping Assist. Although the driver is still responsible for monitoring the traffic situation, the system provides significant relief to him or her and makes an important contribution to increasing road safety.

The outside-mirror camera, which replaces the conventional exterior mirrors in the Actros, is another new feature in a series-production truck. In this system, digital cameras and displays expand the driver's field of vision, thus enhancing safety even further.

Level 2 automation technology in the Freightliner Cascadia. Daimler Trucks North America also plans to introduce SAE Level 2 partial automation technology in the North American market for the first time in the new Freightliner Cascadia in 2019.

Developments in Level 4 automation technology. Daimler Trucks has announced plans to unveil strategic developments related to Level 4 technology for highly automated driving in 2019. Level 4 refers to a situation in which the use of sophisticated technology means that a driver doesn't necessarily need to be in a vehicle but can still control the vehicle in certain situations – for example at traffic hubs, in urban areas, or during loading and unloading operations. In the first step, use cases will be limited to long-distance hub-to-hub trips in the USA. Highly automated Level 4 trucks offer numerous advantages, with safety topping the list. Varied state-of-the-art sensor technologies, system redundancies and software programs based on artificial intelligence will make the trucks of the future even safer and also reduce the human-error factor in accidents. Level 4 technology also offers considerable benefits for customers, including greater productivity through the elimination of rest periods for drivers, which makes it possible for trucks to operate around the clock. In addition, the technology significantly lowers the cost of each kilometer – or mile – driven. The goal with regard to Level 4 technology is to make highly automated driving a reality in series-production trucks within the next ten years.

New assistance systems in buses. Active Brake Assist in Mercedes-Benz and Setra touring coaches celebrated an anniversary in the year under review, as the system has been helping to prevent accidents in the coaches for ten years now. The next step will involve the across-the-board introduction of Active Brake Assist 4 (ABA 4), which will be launched as standard equipment in all Mercedes-Benz and Setra touring coaches beginning in 2019.

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The system's counterpart for city buses is the new Preventive Brake Assist, which is the first active braking assistance system to be introduced in this vehicle class anywhere in the world. The system warns of a potential collision with moving pedestrians as well as with stationary or moving objects and then automatically initiates partial braking. Partial braking is more gentle than emergency braking and thus lowers the risk of injury to bus passengers. However, the driver can still intervene at any time and initiate emergency braking if the situation requires it.

Sideguard Assist, the first turning assistance system for buses, uses radar sensors to monitor the lane to the right of a bus along the vehicle's entire length. It thus assists the driver in the vehicle's blind spot and warns him or her of pedestrians and bike riders when the coach is about to turn.

All-round safety in an electric bus. Safety is taken to a new level in the eCitaro. The onboard voltage of the eCitaro has a range of up to 750 volts, which means that both service center personnel and rescue services need to be prepared for such voltage. The OMNIplus service brand has therefore developed an all-around service concept for the new eCitaro that includes a demonstration service center repair shop and expanded Guidelines for Rescue Services. The service center repair shop makes it possible for technicians to learn how to safely handle high-voltage components. The rescue guidelines for buses with the Mercedes star have been an important component of our Integral Safety concept for several years now. The guidelines provide specific information about all city, intercity, and touring coach model series, as well as details of the diverse range of drive systems used, including natural gas and electric drive systems. The guidelines can be downloaded from our website.

Fire extinguishing system protects bus passengers. With its new S 531 DT double-decker bus, Setra is presenting the first touring coach fitted with a fire extinguishing system in the engine compartment as standard equipment. In the event of detected danger, the system issues visual and acoustic warnings within seconds to the driver in the cockpit. At the same time, the pressurized detection line bursts and sprays an extinguishing mixture that cools down the engine compartment and prevents the flames from reigniting. With this system, the three-axle bus already meets the requirements of a law mandating the installation of fire extinguishing systems in newly registered touring coaches, which will go into effect in July 2019.

OMNIplus driver training. OMNIplus, the service brand for Mercedes-Benz and Setra buses, has been teaching bus drivers how to recognize and avoid hazards and accidents for 25 years now. More than 700 drivers on average take part in OMNIplus safety training courses throughout Germany each year. All in all, more than 18,000 drivers of touring coaches, city buses and school buses have successfully completed the training courses to date.

Crash tests at TFS Sindelfingen. We are conducting extensive research into vehicle safety at our state-of-the-art technology center for vehicle safety (TFS) in Sindelfingen. Among other things, our activities at the center focus on safety testing for vehicle concepts that utilize alternative drive systems. Technicians and engineers in the new crash-test hall at TFS can perform around 900 crash tests each year, as well as approximately 1,700 sled tests. The crash-test hall, which is roofed over without any supports, measures 90 x 90 meters, making it larger than an international soccer field.

X-ray technology improves crash test results. In cooperation with the Fraunhofer Institute for High-Speed Dynamics, the Ernst Mach Institute (EMI) in Freiburg, Daimler's vehicle safety unit, is testing the use of X-ray technology for crash tests. The ultrashort-duration X-rays are expected to supply extremely sharp stills of crash tests. This method would enable us to investigate the behavior of safety-related components by taking a look inside the parts. The data from the "X-ray crashes" could be combined with computer-aided simulation models. This might help to further improve the reliability of crash simulation forecasts.

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Automated driving

Daimler is one of the pioneers in the field of automated driving. Our goal is to continue developing the requisite technology and to rapidly enable these systems to be installed in series-produced vehicles. We are placing equal emphasis here on the technical, legal and ethical aspects and participating in the definition of these aspects. Daimler has already firmly positioned itself in these three areas.

- Daimler will continue to forge ahead with the technical developments that will enable it to play a leading role in the area of automated driving.
- Daimler is promoting a broad-based public dialog in order to find solutions regarding the legal framework for the new technology at both the national and international levels.
- We will actively participate in the social and political dialog in order to define answers to the ethical questions that are arising in the context of the new technologies.

Steady progress is being made in the development of automated driving functions. Like many other new technologies, autonomous driving offers tremendous potential to radically change the course of mobility in the future. It is to be expected that automated and autonomous vehicles have a positive impact on traffic safety, driving comfort, drivers' behavior during long drives, emissions reduction and individual mobility. Along with technical challenges, the development and introduction of this technology also raises numerous social, ethical and legal questions that need to be discussed and resolved by society. At Daimler, these questions are being addressed by a cross-departmental steering committee that includes engineers, developers, lawyers, data protection officers and experts from the Communications and Strategy corporate departments. This interdisciplinary body can take various points of view into account when addressing the relevant questions.

Still, we as an automaker cannot answer the legal and ethical questions raised by the new technology on our own. Instead, a broad public debate is necessary. We helped to initiate this debate early on and have been promoting it ever since through various measures.

These measures include our work in committees and associations, our promotion of the relevant research, discussions with policymakers and society, and the organization of events such as specialist conferences. Since 2015, ethical, legal and social questions in connection with autonomous driving have been extensively discussed in the "Daimler Sustainability Dialogue" with top-notch experts from the realms of politics, business and society at large. This year's discussion in Stuttgart focused on society's acceptance of the introduction of new technologies. One important aspect here involves achieving an adequate balance between various interests in society on both a national and an international level in order to gain widespread social acceptance. In particular, discussions need to be open and transparent if they are to take into account the interests of all the affected parties. The decisions ultimately taken will be influenced by ethical criteria such as autonomy, well-being and justice as well as cultural factors.

We are aware of the various aspects that come into play when new technologies such as autonomous and automated driving are introduced, and we therefore take into account social, ethical and legal considerations as early as the product development stage.

"Daimler Sustainability Dialogue," pp. 11 f.

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Ethical aspects. The ethical issues associated with automated and connected driving were addressed by the Ethics Committee of the German Federal Ministry of Transport and Digital Infrastructure, which was formed in September 2016. Renata Jungo Brüngger, Member of the Board of Management of Daimler AG, Integrity and Legal Affairs, was also a member of this committee. The Ethics Committee defined essential guidelines for the programming of automated and connected vehicles, and we are already incorporating these guidelines into the development of automated driving systems.

Legal aspects. New technologies require legal certainty. In Germany, the legal basis for automated driving systems is defined by the automated driving amendment to the Road Traffic Act (StVG), which went into effect on June 21, 2017. We welcome this amendment because it makes Germany one of the first countries to provide the legal basis for further technological developments. Beyond that, we also believe that traffic and regulatory law in Germany needs to be further developed in order to establish legal certainty in connection with the use of autonomous and automated systems.

Many other countries have now created a legal framework or initiated legislative processes. If the technology is to achieve a breakthrough, amendments will have to be made to the respective national regulatory legislation and it will have to be possible to register conditionally and highly automated driving systems. In an effort to support the development and establishment of a secure legal framework for the technical certification of automated vehicle systems, Daimler is participating worldwide in the corresponding international committees and associations that are addressing the relevant issues.

Traffic does not stop at national borders. That's why it is important that automated driving not be inhibited by differences in national legislation and regulations. National regulations still differ considerably in this regard, however. Daimler therefore supports the international harmonization of regulations regarding automated and autonomous driving so that major legal deviations can be avoided and the technological requirements can be made as similar as possible.

Data protection also plays an important role in automated and autonomous driving. We are convinced that the responsible and secure handling of data is a precondition for society's acceptance of automated and autonomous driving. Our data protection experts are therefore already involved in the development of the concepts for the necessary technology. They are working together with experts from Research & Development to develop solutions for data-protection-friendly concepts that provide privacy by design.

At the same time, the availability of certain data makes it possible to determine whether an automated system or a human driver was in control of a vehicle when an accident occurred, for example. German lawmakers are aware that data plays a key role in automated driving, so they have stipulated that when automated driving systems are introduced, vehicles will be required by law to be equipped with a driving mode recorder. This recorder will record when an automated system was activated and when the driver was requested to take control of the vehicle. How it should be designed in a manner that takes into account both potential legal information requirements and the driver's privacy rights remains to be worked out in a regulation. We will support this development process and work to ensure that the technology ultimately used is data-protection-friendly. Alongside the German national regulation mandating a driving mode recorder, on the international level the United Nations Economic Commission for Europe (UNECE) is currently examining issues related to the development of a technical standard for such a recorder. We also support the harmonization of national and international regulations here in order to avoid technological deviations and to ensure the creation of the same requirements as far as possible.

Data responsibility

Data responsibility

Digitalization is leading to the creation of new mobility concepts and business divisions. Data provides a basis for this development by enabling us to provide innovative services that offer our customers added value. At the same time, our customers expect their data to be protected. Our holistic data governance system aims to ensure sustainably designed data-based business models and the responsible handling of data in the interests of our customers. Topics where this approach is used include the opportunities and risks of connected and (partially) automated vehicles and data-based services. The protection of customer and employee data is a particular focus of our corporate digital responsibility.

Our approach to data governance is embedded in a comprehensive corporate project that is developing and implementing a wide range of measures in order to achieve the aforementioned goals.

- **Introduction of a comprehensive Data Compliance Management System:** We are taking a risk-based approach to the development of a data-focused compliance management system.
- **A data vision:** We are using a Group-wide approach to formulate our vision and the responsibility we bear with regard to data, as well as a set of guiding principles in order to give our employees a clear frame of reference for their actions.
- **Further implementation of our data culture:** We are raising our employees' awareness of the need to handle data responsibly, as well as the new challenges posed by data-based business models.
- **Creation of a data governance organization:** At our divisions, we are continuously enhancing our data management system in accordance with the regulatory requirements and our integrity standards.

Connectivity and digitalization will play a crucial role in future mobility – whether it involves automated and driverless driving or new services. Our customers' demand for connected services is already increasing steadily. In addition, data offers opportunities to increase efficiency and improve the use of resources in the value and production chains. At Daimler we are addressing these developments by means of a holistic approach to data governance in order to ensure the responsible handling of data. This will enable us to offer new services to our customers and other stakeholders and to securely handle the accumulated data.

The Group-wide data governance system is being developed at the Board of Management's Integrity and Legal Affairs division. It provides all Daimler AG employees with a frame of reference for activities regarding data, including clearly defined basic principles governing data handling, such as transparency, autonomy and data security. We take market-specific and regional differences into account when applying these basic principles. We have installed appropriate processes and systems in order to ensure that our data processing is effective and efficient.

To make sure that our customers know why certain data is collected at certain times, we provide them with in-depth information about our data processing procedures in our sales materials, on the vehicle website, in the operating instructions and in the terms of use. We also want to make sure that our customers can decide for themselves which services they actually use and which data they would like to share – either by consent, by contract or as implied consent at the touch of a button. Our data security principle meets our customers' stringent security demands. Daimler aims to protect its customers' data against manipulation and misuse. We continuously enhance our data security measures in order to keep up with the progress of IT technology. The connected vehicle backend helps to protect data and is designed to ensure that customers can securely use services from Daimler and from third parties.

An important element of our data governance is a comprehensive Data Compliance Management System that brings together the data protection measures, processes and systems existing throughout the Group. Against the background of the increasing implementation of data-based business models and the new requirements due to the European Union's General Data Protection Regulation (GDPR), our in-house measures to guarantee data protection have been adapted.

Implementation of the General Data Protection Regulation. In order to implement the EU's General Data Protection Regulation (GDPR), the Corporate Data Protection unit has analyzed the new requirements and used this analysis to design practical guidelines for complying with them. This has helped all of the Group's corporate units in the EU member states to prepare for the implementation of the new regulation in order to ensure a uniform approach. The guidelines emphasized that data processing must be transparent and that the affected individuals' freedom of choice must be safeguarded as part of the overall guarantee of autonomy. Furthermore, the unit introduced procedures for data protection impact assessments, as well as methods for promoting data protection by design.

Our Data Compliance Management System supports our systematic planning, implementation and continuous monitoring of measures to ensure compliance with the data protection requirements. In the first step, the Data Compliance Management System is focusing on data protection law. For our corporate units in the EU, the GDPR is particularly relevant; for our corporate units outside the EU, the respective local data protection laws apply. Additional areas of the law that are relevant to data use are being successively incorporated into this system in order to comprehensively identify and minimize possible risks. The Data Compliance Management System stipulates an annual risk assessment process that helps us systematically analyze and evaluate all of our business units with regard to their risks related to data protection. The results of the Data Compliance Risk Assessment serve as the basis for the formulation of measures that address possible data protection risks. These measures include concrete processes for implementing the General Data Protection Regulation and local data protection laws, as well as various measures for communication, training and consultation within the relevant business units. The implementation of the stipulated measures is being evaluated and documented within the framework of a monitoring and reporting concept.

More information about the Daimler Compliance Management System, pp. 78 ff.

The Chief Officer Corporate Data Protection and his team monitor the implementation of the Daimler Corporate Data Protection Policy and the data protection laws. In addition, the Chief Officer Corporate Data Protection initiates communication and training measures and provides consultation. His tasks also include the handling of complaints regarding data protection and the reporting of breaches of data protection.

The Daimler Corporate Data Protection Policy – full text (PDF)

We regularly provide **information on data protection incidents.** There were no serious data protection incidents detected in 2018. The heightened awareness of data protection that has resulted from the introduction of the GDPR and the correspondingly broad range of relevant media reports is also reflected in the number of related inquiries and complaints. The number of inquiries and complaints received by Corporate Data Protection increased in 2018 by comparison with the previous year. By contrast, the number of investigations conducted by the data protection authorities in response to customer complaints decreased to three.

We believe that ensuring **effective data protection in vehicles** is an integral component of product development. The design of data protection in connected vehicles and within automated driving functions is therefore a key focus of our product-related data protection activities.

Our customers can rest assured that we assign a high priority to data protection in our vehicles. In addition to transparency in data processing, the choices we offer to our customers play an important role. Our customers can decide for themselves which of our services, such as Mercedes me connect, they would like to use. They can activate or deactivate these services at any time. Furthermore, they are always in control of access to, and use of, their personal data. For example, they can decide whether, and under what circumstances, their data can be shared with third-party suppliers. Customer data can be shared with third parties only with the active consent of the customer, which can be withdrawn at any time.

Human rights

Human rights

To ensure that human rights are respected and protected, Daimler has developed a systematic due diligence approach called the Daimler Human Rights Respect System (HRRS). It aims to protect the human rights of our own employees and to ensure that human rights are respected at our direct suppliers (Tier 1) and at risk-relevant points of the supply chain beyond Tier 1. Through our systematic approach to ensuring respect and protection for human rights, we aim to be exemplary for the automotive and mobility services sectors.

Management system for due diligence regarding human rights
The Human Rights Respect System is designed to enable the early identification and avoidance of systemic risks and possible negative effects of our business activities on respect for human rights. The HRRS is oriented upon our Group-wide Compliance Management System (CMS).

Human rights in our majority holdings and in the supply chain
Our goal is to implement the HRRS across all the risk categories of our Group's majority holdings and its supply chain, step by step, in the period until 2030.

For Daimler, respect for human rights is a fundamental component of responsible corporate governance. Respect for human rights is therefore a key component of our Group-wide sustainability strategy. We are committed to ensuring that human rights are respected and upheld throughout our organization and by our suppliers.

The following standards and guidelines in particular serve as a frame of reference for our conduct and are of central importance for our due diligence obligations as defined by the HRRS:
- the UN Global Compact,
- the UN Guiding Principles on Business and Human Rights,
- the Universal Declaration of Human Rights,
- Germany's National Action Plan on Business and Human Rights, and
- the Core Labor Standards of the International Labour Organization.

Our expectations, which are based on these standards and guidelines, are clearly defined and described in our Integrity Code and the Daimler Supplier Sustainability Standards. The latter define our requirements with regard to working conditions, human rights, environmental protection, safety, business ethics and compliance, and are also part of our general terms and conditions. We demand that our direct suppliers worldwide commit themselves to observing our sustainability standards, communicating them to their employees and to upstream value chains, and then checking to ensure that the standards are complied with. As a risk-based measure, we ourselves perform audits in critical supply chains in order to verify compliance with our standards by further members of the supply chain. These audits begin with the Tier 1 supplier and extend to the critical points in the supply chain, and even down to the mines if necessary.

We are gradually expanding our Human Rights Respect System (HRRS) in a process that also includes regular consultations with external stakeholders. The HRRS, which orientates itself on our Group-wide Compliance Management System (CMS), utilizes a risk-based approach in its focus on Daimler majority holdings (including our production locations) and our supply chain.

Due diligence with the Human Rights Respect System. As a proactive risk management system, the HRRS is designed to identify and avoid systemic risks and possible negative effects of our business activities on human rights early on.

The HRRS thus primarily protects third parties and is aimed at exerting its effect along our supply chain as well. It consists of four steps that are to be applied to Daimler majority-owned companies and the supply chain:

1. identification of potential human rights risks (risk assessment),
2. definition, implementation and management of preventive measures and countermeasures (program implementation),
3. monitoring of the effectiveness of the measures, in particular at higher-risk units and in supply chains that are at a high risk of human rights violations (monitoring), and
4. periodic internal reporting on relevant issues, compliance with external reporting requirements (reporting).

The HRRS also involves consultation and exchange with rights holders (for example our employees and their representatives) and external third parties such as civic organizations and local residents.

Identification of human rights risks at Daimler majority holdings. The risk assessment is a two-step process. The first step involves a categorization of the majority holdings on the basis of predefined criteria, such as the risk situation in specific countries and risks associated with specific business operations. In the second step, units that display a heightened human rights risk are subject to an on-site assessment.

The modular approach we employ here takes into account fundamental human rights standards such as those defined in the Universal Declaration of Human Rights and the Core Labour Standards of the International Labour Organization (ILO).

During the reporting year, we made adjustments to our risk assessment methods and also had external stakeholders verify our risk assessment process. The feedback we receive from stakeholders is used to further develop and improve the risk assessment system. We are also currently developing an effective approach to program implementation, monitoring and reporting.

Identification of human rights risks in our supply chain. Since 2008 we have defined our expectations towards our suppliers regarding sustainability in our Supplier Sustainability Standards. Upholding human rights and in particular stipulations concerning working conditions are key components of these requirements. In order to ensure that we can meet our human-rights due-diligence obligations even more systematically, we have developed risk classifications tailored to various product areas (such as production materials and services). This enables us to identify services and raw materials that may pose risks to human rights, including minerals that are potentially associated with conflicts. During the year under review, we started using our analyses here as a basis for defining and implementing measures that can also be applied beyond the level of our direct suppliers if necessary.

The measures are multifaceted: For example, in cases of certain identified high-risk materials, such as cobalt, we use questionnaires prior to new awardings in our supply chains. The goal is to document the sustainability performance not only of our direct suppliers but also beyond them. This questionnaire is supplemented with a specific questionnaire on supply chain transparency and human rights due diligence that is based on the requirements of the five-step framework of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-

Affected and High-Risk Areas. Our employees carefully review the information provided by the potential battery suppliers during the on-site assessments.

As part of our contract awarding process for the supply of battery cells, we have also commissioned an external auditing company to audit our cobalt supply chain and conducted compliance dialogs with suppliers ourselves. We also hold compliance dialogs with companies that are not our direct suppliers but are located at important points of our supply chain, for example in the mining industry. Our aim is to gradually expand this procedure to suppliers of other raw materials. We also provide instructional materials to our suppliers in order to raise awareness on human rights issues related to raw material supply chains in general.

Cross-functional teams work on the development and implementation of suitable preventive activities and countermeasures. The teams consist of human rights and compliance experts in close cooperation with the operational procurement units.

Further information on this topic is available in the chapter Sustainability in the supply chain, pp. 108 ff.

In addition to our own measures, we are also active in raw materials initiatives that complement and amplify the impact of our measures to promote the responsible procurement of raw materials. These initiatives currently focus on the responsible use of cobalt, steel and aluminum.

Further information on this topic is available in the chapter Sustainability in the supply chain, pp. 109 ff.

Further Group-wide measures. Within our sales organization, we conduct individual audits of potentially critical transactions in cooperation with the units that are involved. During our ongoing training sessions, we also inform our employees and make them aware of their obligation to respect and safeguard human rights as described in our Integrity Code. Employees and external parties can use various channels, such as the BPO (Business Practices Office) whistleblower system and the World Employment Committee, to report suspected human rights violations and obtain “access to remedy” as defined by the third pillar of the UN Guiding Principles on Business and Human Rights.

Our principles and guidelines

The BPO whistleblower system, pp. 79 f.

According to our assessments, no cases of child labor, forced labor or violations against the right to collective bargaining or freedom of association within the Daimler Group were reported in 2018. Our company systematically investigates individual cases of potential violations in the supply chain, including the use of child labor for the extraction of raw materials. In addition to these measures, we reviewed and followed up on reports of incidents and tips we received from the general public. In cases where we identify a need for action, we implement the necessary measures, alone or in cooperation with our partners.

Involvement at the executive level. The responsibility for human rights issues lies with the Integrity and Legal Affairs Board of Management function. The member of the Board of Management responsible for Integrity and Legal Affairs is regularly informed about human rights activities. This is supplemented by regular reports submitted to the Board of Management and the Corporate Sustainability Board (CSB), as well as to the Procurement Council (PC) within the framework of our sustainability strategy.

Integrity, people and partnerships

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Integrity

Especially in times of change, it's important to set your sights firmly on integrity as a goal and also rethink what integrity actually means. All of our measures for fostering integrity aim to be sustainable. They are helping to steadily develop our culture of integrity throughout the Daimler Group and firmly establish responsible action as part of our everyday business conduct. Through our integrity management we intend to set standards in the entire automotive and mobility sectors and contribute to the sustainable success of our company.

Orientation of the integrity strategy:
Shared values provide orientation in times of technological transformation and societal change. Integrity also plays an important role in the development of new products and services. That's why our preventive integrity-related activities begin with decision-making processes and thus help to protect the company's reputation and reduce legal risks.

Offers of support for managers and employees:
In order to firmly establish integrity at all levels and in all areas, we are continuously expanding the measures we offer to our employees to support them in their daily work. These measures include

- training courses and dialog events on integrity, compliance and legal issues
- internal and external qualification programs for responsible employees from our integrity, compliance and legal organizations

Evaluation of integrity management at Daimler:
In order to precisely adapt our offers to our target groups and continuously improve them, we are developing a measurement process that will enable us to assess the effectiveness of our integrity measures and to refine them.

For Daimler, integrity, compliance and legal responsibility are inseparable from our daily business activities. We are convinced that only those who act responsibly can achieve sustained success over the long term. For us, this involves more than just obeying laws, as we also seek to align our activities with shared principles and values.

A culture of integrity. Integrity is one of the four corporate values that form the foundation of our business activities. For us, integrity means acting in accordance with ethical principles. This means that we not only aim to ensure compliance with all applicable laws, internal regulations and voluntary commitments; we also consistently act in accordance with our corporate values and we do not shy away from making difficult decisions or addressing critical issues. We expect all of our employees and business partners to adhere to the principles of our culture of integrity out of a sense of conviction.

During the year under review, we focused in particular on the strategic further development of our culture of integrity, taking recent developments in society into account as well. Implementation of the measures we derived as a result will begin in 2019. In 2018, we also designed and conducted a pilot survey to assess the effectiveness of our integrity-related measures and develop them further on this basis. Another survey to be conducted in 2019 will build on our progress here and allow us to target our activities toward specific groups and continuously improve the programs we offer.

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Integrity management organization. The task of Integrity Management is to support all departments with the promotion and further development of the culture of integrity at the Daimler Group. The unit's experts for change management, corporate responsibility management, training, consulting and communication develop innovative and employee-focused approaches and formats that are designed to strengthen the culture of integrity. These experts also support disseminators throughout the Group with their integrity-related activities.

The unit's goal is to establish and maintain a common understanding of integrity in order to reduce risks and help ensure Daimler's sustained success. The Head of Integrity Management reports directly to the member of the Board of Management responsible for Integrity and Legal Affairs.

Integrity Code. Our Integrity Code forms the foundation of our business conduct. It is based on a shared understanding of values, which we developed in a dialog with Daimler employees. It lays out the principles governing our everyday business conduct. These central principles include compliance with laws, as well as fairness, responsibility, mutual respect, transparency and openness. The Code is binding on all companies and employees of the Daimler Group and is available in 23 languages. A guide is available on the Group's intranet to support the employees in their application of the Code in everyday situations, providing answers to frequently asked questions.

Integrity Code – full text (PDF)

Requirements for executives. Our Integrity Code also defines requirements for executives and managers, who are expected to serve as role models in terms of ethical behavior and to provide employees with orientation. To help them optimally fulfill their responsibilities, the new web-based Integrity@Work training program includes a management module that is compulsory for all management staff and which communicates a shared understanding of the role of our executives and managers with regard to integrity, compliance and the law. Selected seminars designed to enhance the qualifications and skills of our management staff also include modules that focus on integrity.

In addition, integrity and compliance requirements are important criteria for assessing the target achievement of our executives. They are also part of the agreed objectives for the remuneration of the Board of Management.

Remuneration Report: AR 2018, pp. 120 ff.
Report of the Supervisory Board: AR 2018, pp. 46 ff.

Contact and advice center. Our "Infopoint Integrity" is available to our employees around the world as a central contact and advice center. The Infopoint team offers advice on integrity-related issues in the daily working environment and puts employees in touch with the right contact partner if necessary. A worldwide network of local compliance and legal contact persons is also available to our employees.

Communication measures. We conduct an ongoing open dialog with our employees in order to ensure that ethical behavior continues to be embedded in the company's daily business. We regularly address integrity issues in our internal media and make a wide range of materials available to our business units – for example brochures, films and an app that provides information on integrity, compliance and legal affairs. We also place great value on face-to-face discussions. For this reason, we regularly conduct individually designed dialog events with employees at all levels of the hierarchy, as well as with external stakeholders. These events are held both in Germany and at our locations abroad.

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We use various event formats to get employees to think about integrity by approaching the issue from different perspectives. At these events, we also increase the participants' awareness of the importance of making ethical decisions. For example, we present case studies that enable employees to experience and discuss the relevance of integrity to daily business operations from various viewpoints.

We also have a network of integrity contact persons who help the business units address specific issues in a targeted manner. One of the things we focused on in 2018 was dialog events that addressed the topic of technical integrity in the development departments at our various divisions. We are also providing more support to our business units with regard to ethical questions related to the responsible use and management of personal data and the challenges associated with data-based business models.

Compliance

Values-based compliance is an indispensable part of day-to-day business at Daimler, and for us, means acting in conformance with laws and regulations. Our objective is to ensure that all Daimler employees worldwide are always able to carry out their work in conformance with applicable laws, regulations, voluntary commitments and our values, as set out in binding form in our Integrity Code. Our compliance activities focus on complying with all applicable anti-corruption regulations, the maintenance and promotion of fair competition, adherence to legal and regulatory stipulations regarding product development, respect for and the protection of human rights, adherence to data protection laws, compliance with sanctions lists and the prevention of money laundering.

Our Compliance Management System (CMS) consists of basic principles and measures intended to promote rule-based behavior throughout the company. The CMS is based on national and international standards and applies on a global scale at all Daimler AG units and majority holdings. The CMS consists of seven elements that build on one another.

Graphic 26 The Daimler Compliance Management System

Our compliance values and goals. Our Compliance Management System (CMS) is designed to help Daimler and its employees avoid inappropriate or illegal behavior, and our culture of integrity serves as the foundation for this approach. The measures needed for this are defined by our compliance and legal organizations in a process that also takes the company's business requirements into account.

For further information on integrity at Daimler, see pp. 76 ff.

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The Daimler Compliance Management System

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Our compliance organization. Our compliance and legal organizations have set themselves the goal of ensuring Group-wide conformance with laws and regulations. Our compliance organization is structured in a divisional and regional manner, while our legal organization is structured regionally and along the value chain. These structures enable us to provide optimal support and advice to our divisions.

A contact person is made available to each function, division and region. In addition, a global network of local contact persons makes sure that our standards are met throughout the Group and also helps local management at Daimler facilities and sales companies implement our compliance program.

Compliance risks. We systematically pursue the goal of minimizing compliance risks, and we analyze and assess the compliance risks of all our business units every year. These analyses are based on centrally compiled information on all business units and take specific additional details into account as needed. The results of the analyses form the basis of our risk control.

Compliance program. Our compliance program comprises principles and measures designed to reduce compliance risks and prevent violations of regulations and laws. The individual measures, which are based on the knowledge gained through our systematic compliance analyses, focus on the following aspects:

- **The whistleblower system BPO (Business Practices Office)** enables Daimler employees and external whistleblowers to report misconduct anywhere in the world. The BPO is available around the clock to receive information that is sent by e-mail or normal mail, or by filling out a special form. An external toll-free hotline is also available in Brazil, the United States and South Africa. Reports can be submitted anonymously if local laws permit this. In Germany, reports to the BPO can also be submitted via a neutral intermediary, who in this case is an independent external attorney. The information provided to the BPO enables us to learn about potential risks and specific violations that pose a high risk to the company and its employees, and this in turn allows us to prevent damage to the company and its reputation. A globally valid corporate policy aims to ensure a fair and transparent approach that takes into account the principle of proportionality for the affected parties, while also giving protection to whistleblowers. In an effort to increase trust in our whistleblower system and make it even better known within the Group, we have established a continuous communication process that includes the periodic provision of information to employees about the type and number of reported violations. We also supply information materials such as country-specific information cards. In addition, we have produced an instructional video in ten languages and we repeatedly stage informational and dialog events at our locations as well.

The BPO process was developed further during the year under review. A risk-based initial assessment and standardized processes enable more rapid identification and effective processing of high-risk reports submitted to the BPO. The case categories used by the BPO have been updated and new categories have been added in order to incorporate the latest social and legal developments into the BPO process.

In the year under review, 89 new BPO cases were opened. A total of 101 cases were closed, 60 of them “with merit,” which means the initial suspicion was confirmed. Of these latter cases, five were categorized as “corruption” and seven as “theft, breach of trust and enrichment offenses of a significant magnitude or value.” Seven cases fell under the category “damage exceeding €100,000.” One case was in the category “physical injury.”

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With regard to those cases that are closed "with merit," appropriate response measures are decided in line with the principles of proportionality and fairness. Fairness, which is the key principle in the overall process, applies to both whistleblowers and affected parties. In other words, affected parties are not judged in advance and the assumption of innocence applies until it has been proven that a violation has occurred. Whistleblowers who contact the BPO are also protected. They do not need to worry that their report might result in negative consequences for themselves.

Personnel measures taken in 2018 included the issuing of verbal and written warnings and final warnings, as well as separation agreements and ordinary and extraordinary terminations.

- **Compliance on the part of our business partners.** We also require our business partners to adhere to clear compliance requirements because we regard our business partners' integrity and behavior in conformity with regulations as a precondition for trusting cooperation. In the selection of our direct business partners, we therefore ensure that they comply with the law and observe ethical principles. In financial year 2018, we completed the implementation of our globally standardized process for the effective and efficient examination of all new and existing business partners (Business Partner Due Diligence Process). Our continuous monitoring here is designed to ensure we can identify possible integrity violations by our business partners. We also reserve the right to terminate cooperation with, or terminate the selection process for, any business partner who fails to comply with our standards.

In addition, we work with our procurement units to continuously improve our processes for selecting and cooperating with suppliers; our global Daimler Supplier Sustainability Standards apply here. On the basis of these standards and our Integrity Code, a specific Supplier Compliance Awareness Module was developed. This module is distributed to our suppliers. It contains provisions similar to those that can be found in the general Compliance Awareness Module for sales partners, which was introduced in 2016 and is designed to increase their awareness of compliance requirements.

What we expect from our business partners

Communication and training. Our extensive training courses are based on our Integrity Code. The training program is planned on the basis of an annual planning cycle that includes everything from a needs analysis to the evaluation of the entire training process. Among other things, the program covers the topics of integrity, compliance (including corruption prevention and technical compliance), data protection and antitrust law. Depending on the risk and the target group, we use classroom training or digital learning techniques such as web-based training courses.

Every employee who works at a majority-owned Daimler-controlled company can participate in a web-based and target-group-oriented training program consisting of several modules – a basic module, a module specifically for managers, and expert modules on antitrust law, data protection, technical compliance, non-cash rewards for employees and function-specific topics such as procurement and sales. This program is being continuously expanded in line with the requirements of specific target groups.

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Office employees are required to complete modules relevant to their role and function. The associated modules are assigned to them automatically or in a centralized process. These training modules are assigned when an employee is hired, promoted or transferred to a position that involves an increased risk. This approach ensures that personnel changes are properly addressed. In general, the program must be repeated approximately every three years. Factory employees can complete the web-based training program voluntarily.

The web-based training courses are supplemented by classroom training sessions that are conducted by central or local trainers. We provide our internal trainer network with modular training documents and materials for methodical implementation, such as trainer guideline and explanatory videos that can be used in a target group-specific manner in accordance with the risks associated with the participants' jobs. In 2018, a total of approximately 220,000 employees from various levels of the hierarchy participated in classroom and web-based training programs.

We also offer our employees in the compliance and legal organizations target group-specific qualification measures. In addition, all new employees at these organizations receive a comprehensive introduction in an onboarding program.

All of these training measures contribute to the permanent establishment of ethical and compliant behavior at the company and also help our employees deal with specific issues that can occur at work. The same is true of the Daimler app for integrity, compliance and legal affairs.

The app can be downloaded and used by all employees with an iOS company-owned device. Among other things, the app enables mobile access to information on corruption prevention and antitrust law, and additional topics will be added in the coming financial year.

Information and qualification measures are also offered to individuals who perform supervisory and management functions. Within the framework of the onboarding program for new members of the Supervisory Board of Daimler AG, such members were provided with information about the antitrust compliance program and technical compliance management during the year under review. In addition, the Group's Chief Compliance Officer reported to the Audit Committee of the Supervisory Board on the status of the compliance management system. In 2018, new members of the supervisory boards of Daimler holdings were provided with information on various issues relating to compliance, data protection and integrity.They also participated in a "Know Your Responsibilities" onboarding program to make them more aware of compliance-related topics (for example anti-corruption policies) and the importance of integrity at their companies. New members of executive bodies at companies in which Daimler is the majority shareholder are given a compact overview of key aspects of corporate governance via the Corporate Governance Navigator, which is a target group-focused module that supports them in their new role by providing information on their tasks and responsibilities, contact partners and units that deal with central issues addressed by the Integrity and Legal Affairs division and adjacent units.

In addition to our internal training measures, our training program also includes special courses on integrity and compliance (including corruption prevention) that are offered to our business partners in line with their specific risks. The courses are offered as web-based training or classroom training sessions. Daimler informs its business partners about the courses and invites them to participate.

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Training programs 2018

Web-based training program	Target group	Number of participants
Total		181,696
Basic Module – Integrity@Work (basic knowledge about integrity, corruption prevention, antitrust law, data protection, whistleblower system)	Administrative unit employees in controlled Daimler entities	109,326
	thereof administrators worldwide:	97,030
	managers worldwide:	12,296
Management Module – Integrity@Work	Managers worldwide:	12,365
Expert Module – Antitrust	Administrative unit employees in controlled Daimler entities	30,257
	thereof administrators worldwide:	17,177
	managers worldwide:	13,080
Expert Module – EU General Data Protection Regulation	Administrative unit employees in controlled Daimler entities	16,817
	thereof administrators worldwide:	4,676
	managers worldwide:	12,141
Expert Module – Integrity & Compliance@MS	All employees and managers at Mercedes-Benz Cars Marketing and Sales	8,335
	thereof administrators worldwide:	7,131
	managers worldwide:	1,204
Expert Module – Integrity & Compliance @ Procurement	All employees and managers in Purchasing functions worldwide	4,596
	thereof administrators worldwide:	3,938
	managers worldwide:	658

Face-to-face training courses	Target group	Number of events	Number of participants
Total		1,330	39,052
Antitrust law	Managers and administrators worldwide	209	5,382
Corruption prevention	Managers and administrators worldwide	871	12,783
Module on Integrity and Compliance for newly appointed and promoted managers	Managers (Level 4)	10	178
	Senior Managers	5	204
Technical Compliance training	R&D employees Mercedes-Benz Cars, Vans, Trucks and Buses worldwide	220	19,722
Module on Technical Integrity	Managers from the development departments worldwide	15	783

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Monitoring and improvement. Every year, we review the adequacy and effectiveness of our Compliance Management System and adapt it to global developments, changed risks and new legal requirements. We also monitor important core processes during the year on the basis of key performance indicators (KPIs) that include process duration and quality. To determine these indicators, we check, among other things, whether formal requirements are met and all information is complete. In addition, we analyze the knowledge gained through independent internal and external assessments and participate in selected benchmark studies.

These activities are used to define any required improvement measures, which are implemented by the responsible units and departments and then monitored on a regular basis. The relevant management bodies continuously receive reports on these monitoring activities.

Involvement of company management. Our divisional and regional compliance managers report to the Chief Compliance Officer. This guarantees the compliance managers' independence from the business divisions. The Chief Compliance Officer, the Group General Counsel and the Vice President Legal Product & Technical Compliance report directly to the Member of the Board of Management for Integrity and Legal Affairs and to the Audit Committee of the Supervisory Board.

They also report regularly to the Board of Management of Daimler AG on matters such as the status of the Compliance Management System and its further development, the status of the whistleblower system and, if necessary, on other topics. In addition, the Group General Counsel regularly reports to the Antitrust Steering Committee and the Group Risk Management Committee, to which the Chief Compliance Officer and the Vice President Legal Product & Technical Compliance also report.

Important non-financial reporting topics. Eliminating corruption, preventing cartel arrangements, ensuring compliance with technical regulations, preventing money laundering and the financing of terrorism, and complying with sanctions – we introduced our Compliance Management System (CMS) in order to address exactly these issues, which are extremely important to us. The Data Compliance Management System that we are currently setting up is also based on the Daimler CMS, as is our Group-wide approach to respecting and upholding human rights.

- **Anti-corruption compliance.** Daimler has committed itself to fighting corruption in its own business activities. Along with complying with all applicable laws, this also involves adhering to the rules of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997) and the United Nations Convention against Corruption (2003). As a founding member of the UN Global Compact, Daimler also seeks to ensure that not only the company itself but also its business partners act in accordance with the principles of the compact. The most important goals here are to fight corruption around the world in order to enable fair competition, eliminate the damage corruption does to society and thus improve conditions for everyone. Our anti-corruption compliance program is based on our comprehensive Compliance Management System. The program is globally valid and primarily consists of an integrated risk assessment process that takes into account internal information such as a unit's business model and external information such as the Corruption Perceptions Index from Transparency International, for example. Other program components include risk-based measures for avoiding corruption in all business activities (e.g. reviews of business partners and transactions) and measures to ensure that special care is taken in contacts with authorities and public officials. Our risk-minimization measures focus in particular on sales companies in high-risk countries and business relationships with wholesalers and general agencies worldwide.

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The responsibility for implementing and monitoring measures lies with each company's management, which cooperates closely with the specialist units within Integrity and Legal Affairs.

Daimler places the same strict requirements on all of its activities around the world. In addition, we continuously improve our methods and processes and use a variety of communication and training measures to make our employees around the world more aware of the importance of fighting corruption.

Further information on communication and training, pp. 80 ff.

- **Antitrust compliance.** Free and unfettered competition is one of the foundations of our social and economic system. Such competition creates growth and jobs and ensures that all of us as consumers have access to modern products at fair prices. Our Group-wide Antitrust Compliance Program is oriented to national and international standards. The program establishes a binding, globally valid Daimler standard that defines how matters of competition law are to be assessed. The Daimler standard is based on the standards of the European antitrust authorities and courts. The objective of the Daimler standard is a uniform level of compliance and advice in all countries and thus compliance with all local and international antitrust laws.

By means of an advisory hotline set up by our Legal department, as well as guidelines and practical support, we help our employees around the world recognize situations that might be critical from an antitrust perspective, and also act in compliance with regulations in their daily work, especially when dealing with competitors, cooperating with dealers and general agencies around the world, and participating in business association committees.

In addition to Daimler's Legal department and its specialist advisers, the Group's global units and their employees can turn to legal advisers in local units, who also ensure that our standards are consistently upheld. We also utilize a variety of communication measures to make our employees aware of the importance of competition and antitrust laws and issues.

The results of our annual compliance risk analysis serve as the basis for the formulation of measures that address antitrust risks. The responsibility for designing, implementing and monitoring measures lies with each company's management. Managers in turn cooperate closely with Integrity and Legal Affairs, which also provides information on how to implement the measures effectively. Units that face a higher potential risk in particular must also systematically assess the adequacy and effectiveness of locally implemented antitrust compliance measures at regular intervals. In addition, our Legal and Corporate Audit departments conduct additional monitoring activities at our company's units, as well as random audits on the basis of a predefined audit plan in order to ensure that antitrust laws are complied with and internal processes are carried out properly. This helps us continuously improve the effectiveness of our Antitrust Compliance Program and adapt it to global developments and new legal requirements. The associated methods and processes are being constantly refined and improved.

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In order to ensure an independent external assessment of our Antitrust Compliance Program, KPMG AG Wirtschaftsprüfungsgesellschaft audited the Compliance Management System for antitrust law in accordance with the 980 standard of the Institute of Public Auditors in Germany. This audit, which was based onthe principles of appropriateness and effective implementation,was successfully completed at the end of 2016.

"Antitrust law proceedings" in the Notes to the Consolidated Financial Statements: AR 2018, pp. 289 ff. (PDF)

– **Technical compliance.** For us, technical compliance means adhering to technical regulations, standards and laws while taking into account the basic aims of relevant laws and regulations. In order to address the specific risks associated with the product development process, we combined the existing systems and additional measures and processes at all divisions of Daimler AG into a technical Compliance Management System (tCMS). The purpose of the tCMS is to ensure legal and regulatory conformity within the product development process and to provide our employees with security and guidance through values, structures and processes.

The technical Compliance Management System is managed Group-wide by a unit independent of all divisions that consists of employees with expertise in various fields, such as development, legal affairs, integrity and compliance. The head of this unit – the Vice President Legal Product & Technical Compliance – reports directly to the member of the Daimler AG Board of Management responsible for Integrity and Legal Affairs. Our divisional structure enables us to optimally support and advise our divisions. The unit's tasks include the organization of the technical Compliance Management System and its associated governance elements and providing legal advice to the divisions.

In order to further strengthen the tCMS, dedicated units with experts for technical compliance have been created in the development departments at the Cars, Vans, Trucks and Buses divisions. In addition, there is a network of technical compliance contact partners within the development departments who serve as a link between operating units and the compliance organization. These partners support the development departments in matters of technical compliance. Complex questions regarding technical compliance are evaluated and then decided unanimously in an interdisciplinary process that takes into account technical and legal criteria. Our "Infopoint Integrity" is also available as a contact and advice center for topics related to technical compliance, while our BPO whistleblower system is available for reporting on technical compliance violations.

The Technical Integrity initiative, as part of the tCMS, aims to ensure responsible behavior during the product development process, particularly in situations where legal provisions may be unclear. As part of the initiative, the tCMS organization has formulated so-called principles of behavior with the relevant development departments in order to support employees with their own efforts. These principles have been discussed with employees at dialog events held around the world. Various measures communicate them to all employees and selected training courses expand upon them.

Development at all divisions have increased their awareness of issues relating to integrity, compliance and legal stipulations in the product development process thanks to various communications measures such as "Tone from the Top" mailings and posters and their participation in special training and dialog events. Dialog events have also been held worldwide with more than 750 managers from development and development-related departments at the various divisions in order to ensure that technical compliance and integrity are permanently established in our organization. In addition, more

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than 19,500 employees from the development departments of all divisions worldwide took part in classroom training courses on technical compliance in the year under review.

The effectiveness of our tCMS is monitored annually in a process that also results in the development of measures to improve the system wherever necessary.

– **Data compliance.** As a consequence of the European Union's new General Data Protection Regulation (GDPR), which went into effect on May 25, 2018, we are consolidating all existing data protection measures, processes and systems throughout the Group into a single Data Compliance Management System. This system is based on the Daimler Compliance Management System (CMS), whose approach helps us meet the company's accountability requirement and the data processor's obligation to demonstrate the basis of the processing of personal data as described in the GDPR.

The establishment of the Data Compliance Management System was accompanied by the creation of a new Data Compliance unit within the compliance organization. This unit defines the program elements and controls their implementation throughout the Group. At the same time, the Chief Officer Corporate Data Protection and his team continue to perform the tasks required by law to ensure compliance with data protection rules. The Chief Officer Corporate Data Protection is independent and reports directly to the Board of Management member for Integrity and Legal Affairs. The Chief Officer Corporate Data Protection informs and advises the data controllers and the specialist departments, serves as a contact partner for complaints regarding data protection, monitors compliance with data protection rules, provides advice on the implementation of data protection impact assessments and cooperates with the regulatory authorities. We are currently realigning the existing network of local data protection coordinators and merging this network into our compliance network.

Our Corporate Data Protection Policy creates Group-wide standards for handling the data of employees, customers and business partners. The internal processes necessitated by the GDPR and the requirements of the Compliance Management System are reflected in a new version of the Corporate Data Protection Policy.

A key component of the Data Compliance Management System is the Data Compliance Risk Assessment, which involves a systematic analysis and evaluation of data protection risks at all business units. These analyses are based on centrally compiled information on all business units; specific additional details are taken into account in line with the given risk assessment. The results of the analyses form the basis of our risk management and risk minimization activities. The analyses enable us to adopt a risk-based approach for the further development of our Data Compliance Management System.

The results of the annual Data Compliance Risk Assessment serve as the basis for the formulation of measures that address all possible data protection risks. The elements of our data compliance program include the provisions of the General Data Protection Regulation (relating, for example, to the right to be informed, the rights of data subjects and concepts for data erasure), the stipulations of local data protection laws, communication and training measures and various data protection consulting services. The responsibility for designing and implementing measures lies with each company's management. Managers in turn cooperate closely with Integrity and Legal Affairs, which also provides support with implementation.

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A monitoring plan is used to assess the effectiveness and efficiency of the implementation of the various measures at the business units. These reviews are used to define improvement measures, which are implemented by the responsible units and departments and then monitored on a regular basis.

Further information about compliance with data protection requirements, pp. 68 ff.

- **Anti-financial crime compliance.** Money laundering and the financing of terrorism pose considerable sociopolitical risks. For this reason, the prevention of money laundering and the implementation of anti-money laundering measures have been defined as central compliance goals in our Integrity Code. With our core business and our global production and sale of vehicles, we and companies controlled by the Group are subject to the provisions of the German Money Laundering Act (GwG), which applies to "commercial sellers of goods." As a result, we are required to implement Group-wide and thus worldwide measures to prevent and combat money laundering and the financing of terrorism (anti-money laundering – AML – and counter terrorist financing – CTF – policies).

An integrated Group-wide compliance approach has been implemented in the Anti-Financial Crime (AFC) department in order to link prevention of the circumvention of supranational and national sanctions with measures to prevent and combat money laundering, organized crime and other criminal economic activity and the financing of terrorism. This is important, as these risks can not only have a negative impact on society; they can also cause long-term damage to our reputation, as well as financial damage that can negatively affect our companies and our shareholders and stakeholders.

The organizational structure of the AFC specialist unit serves as the central Group organization for ensuring compliance with the GwG across all divisions. This structure also brings together under one roof our two Centers of Competence for Preventing and Combating Money Laundering and the Financing of Terrorism (CoC AML) and the Center of Competence for Checks against Sanctions Lists (CoC CSL).

The objective of the sanctions compliance process is to ensure the performance of systematic reviews to determine whether the names of affected natural or juridical persons or organizations can be found on any sanctions list around the globe (checks against sanctions lists – CSL). The review thus involves checking supranational sanctions lists such as those published by the United Nations (UN) and the European Union (EU), as well as national sanctions lists, in particular those published by the United States, that may be applicable in certain situations.

As required by law, such reviews are conducted for customers and business partners, for example in sales and procurement, as well as for employees and strategic cooperation partners. The provisions of data protection law are complied with when such checks against sanctions lists are performed. Our integrated compliance approach aims to ensure that we can effectively prevent and combat money laundering and the financing of terrorism.

Information about significant legal proceedings against companies within the Daimler Group is provided in the Annual Report for the reporting year 2018 as well as in the relevant quarterly reports. These reports also contain information on governmental information requests, inquiries, investigations, administrative orders and proceedings as well as litigation relating to environmental, securities, criminal, antitrust and other laws and regulations in connection with diesel exhaust emissions.

Risk and Opportunity Report: AR 2018, pp. 154 ff.
Legal proceedings in the Notes to the Consolidated Financial Statements: AR 2018, pp. 288 ff. (PDF)

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Employees

For us, the foundation for a successful and high-performing company is the diversity and heterogeneity of its employees. As a result, diversity management is included in our corporate strategy. Digitalization continues to affect all areas of our company. As a global automotive company, we also want to be our industry's leader in terms of digitalization. We want to equip our workforce with skills and the necessary awareness to master the challenges of digitalization.

We therefore help all of our employees to "think digitally" in their work areas and to integrate new work methods and learning techniques into their daily lives. Moreover, we encourage all employees and managers to use digital tools and methods in order to promote digital communication and cooperation.

Diversity management
DigitalLife@Daimler
Leadership 2020 Game Changer "Digital Transformation"
Qualification of personnel for the digital transformation
Active sourcing
Global employer branding

The success of Daimler AG and its subsidiaries is largely dependent on the skills and commitment of our employees. More than 298,000 people promote our company's success worldwide by contributing their concepts and ideas to their tasks and work processes and by helping to make improvements and create innovations. Trusting relationships with employees are therefore more than just an ethical and legal requirement for us – without them, we would not be able to conduct our business successfully.

HR strategy, activities and goals. In order to recruit, develop and retain highly qualified staff, we are continuously striving to further improve our attractiveness as an employer. Because our executives and managers should motivate their employees to achieve top performance, it is crucial that we equip them with outstanding leadership skills. In addition, we want to take on social responsibility and let diversity flourish in our global company.

A professional HR organization and efficient operating processes form the basis for the implementation of these overarching goals, from which we have derived key areas of action. The main control tool we use is our HR Scorecard, which uses key performance indicators concerning demographic development, diversity and sick rates to provide information about the sustainability of human resources measures and processes in the individual areas of action.

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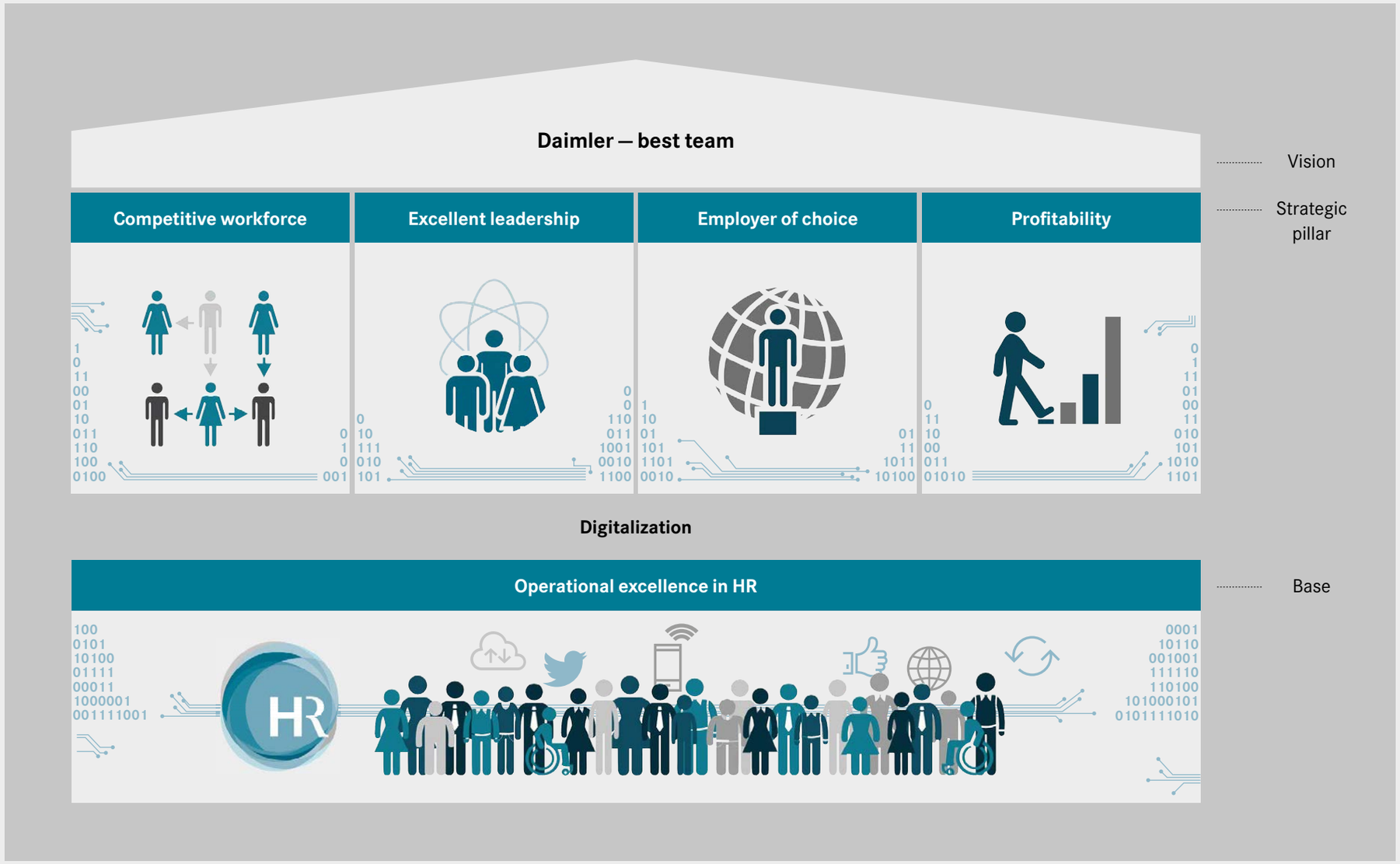
HR Strategy 2025



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Partnership with the employees. We want to work together with our employees as partners, respect their interests and get them involved in the company by continuously providing them with information and enabling them to participate in decision-making processes. To achieve these goals, we are guided not only by the International Labour Organization's (ILO) work and social standards but also by our Principles of Social Responsibility. In these principles, we commit ourselves, among other things, to respecting key employee rights – from the provision of equal opportunities to the right to receive equal pay for equal work. Violations of these principles can be reported to the whistleblower system BPO, which addresses further investigations to the pertinent units.

Our employees also have the right to organize themselves in labor unions. We also ensure this right in countries in which freedom of association is not legally protected. We work together constructively with the employee representatives and the labor unions. Important partners here include the local works councils, the European Works Council and the World Employee Committee (WEC). We have signed collective bargaining agreements for all of the employees at Daimler AG, and this also applies to the majority of our employees throughout the Group.

In different committees, we regularly inform the employee representatives about the economic situation and all of the key changes at Daimler AG and the Group. We conclude agreements with the respective workers' representative bodies concerning the effects of decisions on the employees. In Germany, comprehensive regulations to this effect are contained in the Works Constitution Act. We notify our employees about far-reaching changes early on.

One result of the ongoing dialog between the corporate management and the employees' association was the renewal of the company-wide "Safeguarding the Future of Daimler" works agreement in 2015. This accord, which is valid until 2020, enables the company to respond to the "future plan" agreements that have been reached at many of the locations of Daimler AG with concrete investment commitments, flexible personnel assignment models and the possibility of selectively increasing staffing requirements. As a result, we can make use of market opportunities and better absorb fluctuations in demand. The company-wide works agreement essentially protects all of the employees of Daimler AG in Germany from being laid off until the end of 2020.

The expansion of this Safeguarding the Future works agreement is also an integral part of "Project Future" for restructuring our Group, and it is being implemented in close cooperation with the employee representatives. If Project Future is implemented, Daimler AG's Safeguarding the Future works agreement will be extended until 2029. As a result, terminations for operational reasons would be excluded on principle until December 31, 2029 for all employees who are affected by a transition of operations resulting from the new Group structure and who do not contest their transfer to the new organization.

Digitalization

The automotive industry is currently being thoroughly transformed. The digital transformation is increasingly affecting all areas of our company. It is shaping and driving our evolution from an automotive company into a provider of mobility services.

DigitalLife@Daimler bundles our activities for the digitalization of the Group. In everything we do, our focus is always on people. We aim to shape the mobility of tomorrow and relate current trends and future-oriented technologies to the individual needs of our customers. This requires the entire value chain to be systematically digitalized.

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That includes the methods used to develop, plan and produce our vehicles as well as the ways in which we contact customers and partners. Moreover, it requires us to make our employees fit for the digital world. That's because the opportunities of digitalization can only be optimally exploited if people think and act in new ways.

By means of **DigitalLife@Daimler,** we are promoting digital topics at all divisions and initiating digital transformation projects. The initiative focuses on the following areas:

- **#transform.** In line with this maxim, we are developing a strategic mission statement for Daimler that aims to position the Group as an automotive digital leader. We are moving ahead with work on strategically relevant topics, such as artificial intelligence and data handling, which offer synergy potential for the Group. We are also identifying digital trends and highlighting the importance they hold for the Group. Formats such as our DigitalLife TechTalks help to ensure that digital knowledge becomes permanently established and shared at the company.

- **#ideate.** We promote and exploit creativity throughout the company. Our overall process here covers everything from the generation of ideas in various formats (e.g. Open Spaces, Innovation Camps) to the selection of the best ideas in the Group-wide DigitalLife Crowd idea platform and the subsequent evaluation and implementation of these ideas. Here, various implementation channels are used to transform our ideas into reality. The DigitalLife Hub is the overarching employee community for Daimler intrapreneurs. We also operate a DigitalLife Campus which, among other things, stages hackathons at the international level. In addition, we work with partners from Group companies as well as with students to establish programs for specific activities that will become increasingly important in the future. In this manner, we bring fresh ideas into the company and attract new talents with specializations in key areas.

- **#collaborate.** We are changing and strengthening networked collaboration in order to enable greater agility and innovation, for example. Our global Social Intranet enables effective communication and a digital exchange. Employees can use our Working Out Loud method to make their work more understandable and transparent to their colleagues. Our international "netWork" of disseminators supports employees at all of our locations. Our community management training courses increase the effectiveness of collaboration, while our reverse mentoring activities promote an intergenerational exchange of ideas and the development of digital skills through the use of digital experts (mentors) who share their knowledge with experienced managers (mentees).

- **#change.** We are setting impulses for a changed mindset at the company. We support lifelong learning as a way of preparing employees throughout the Group for the coming cultural and technological transformation. We utilize creative formats, roadshows and workshops to convey knowledge and expertise with regard to digital topics and present current applications of technology at our production locations for employees to experience and try out. Our Fail'n'Learn Nights promote a culture of learning at the company, while our DigitalLife Day inspires thousands of employees throughout the Group each year by arousing and maintaining their interest in topics related to digitalization and an open work culture. We are also pioneers when it comes to developing new international technology and digital events (e.g. Tech Open Air Berlin), presenting our Group as a leader in digitalization and establishing contact with new target groups.

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Game Changer "Digital Transformation." We have set up eight subprojects within our Leadership 2020 initiative for the further development of our management culture. These "Game Changers" are geared toward questioning and changing procedures and structures that range from decision-making processes and organizational structures to work methods and tools. The Game Changer "Digital Transformation" aims to optimally exploit the opportunities offered by digital transformation. We want to achieve this by enabling employees and managers to actively shape the future in their respective areas of responsibility. To do so, we focus on four approaches:

Leadership 2020, p. 95

- **Digital Leadership.** Here, we help managers to think and act "digitally" in order to promote digitalization in their areas of responsibility. In addition to a comprehensive training program, we do this by means of our new reverse mentoring program, for example, in which digital enthusiasts (mentors) share their digital knowledge with experienced managers (mentees).

- **Empowerment.** To enable all employees, office staff and production workers alike, to optimally network and share knowledge with one another, we are providing them with the appropriate equipment and an effective digital infrastructure. In this way we promote the sharing of innovative solutions for production operations in particular.

- **Cooperation.** This initiative aims to create a culture of cooperation, networking and open communication. The Collaboration Tool Compass helps us achieve this goal. This tool overview supports employees in navigating through tools and is focused on the transparency of tool functions and availability.

- **Acceleration.** In addition, our Digital Acceleration Approach uses customized workshop concepts to push the cultural and digital transformation of the organization forward.

With regard to digitalization, also see:

Social Intranet, p. 94
Recruiting digital talents, p. 94 f.
MyProfile, p. 95
Agile structures, p. 96
Qualification of personnel for the digital transformation, p. 100
#DigitalHealth, p. 103
Human-robot cooperation (HRC) and Industry 4.0, p. 103

Employer of choice

High attractiveness as an employer. Our activities and measures for enhancing our attractiveness as an employer are designed to enable us to recruit and retain a sufficient number of specialized employees and qualified managers in the competition for talented staff. Our primary objectives here are to ensure attractive and fair compensation and to establish and maintain a work culture that enables outstanding performance and a high level of motivation and satisfaction among our employees and managers.

Attractive and fair remuneration. We remunerate work in accordance with the same principles at all our affiliates around the world. Our Corporate Compensation Policy, which is valid for all groups of employees, establishes the framework conditions and minimum requirements for the design of the remuneration systems. Internal audits are conducted on a random basis to make sure these conditions and requirements are met. In our desire to offer salaries and benefits that are customary in the industry and the respective markets, we also give consideration to local market conditions within the specified framework. The salaries are determined on the basis of the employees' tasks and performance, and in line with their qualifications and experience. In setting the remuneration of the employees we are not guided by gender or place of origin, but exclusively by the employee's job and responsibility.

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Performance assessment and target-oriented leadership. In order to measure and control each individual's performance, we use various standardized leadership processes for the different employee groups. Within the framework of our IMPULSE human resources development and performance process, our executives define the contribution they and their team can make to safeguard the success of the company.

This year we began evaluating executives solely on the basis of the company's success. The LEAD leadership process is used for lower management levels, while the NAVI process is used for employees of Daimler AG. In these processes, the individual agrees to quantitative and qualitative targets with his or her supervisor, and employees generally agree to a personal development goal as well. Depending on the individual's function and management level, the goal agreements can also include diversity and compliance goals. Goal attainment is reviewed annually and the employee's leadership and work performance, as well as his or her development potential, are then discussed in company-wide management conferences. The supervisor personally discusses the results with the employee, and agreements are also reached regarding the employee's professional development.

At the end of the year the supervisor determines whether the objectives have been reached. The individual's goal attainment, leadership and work performance, and development potential are then discussed in company-wide management conferences. The supervisor personally discusses the results with the employee, and potential measures for professional development are then discussed as well. The "MyContribution" monitoring instrument will be made available for use with Level 4 managers in the future.

MyContribution, p. 95

Regular income reviews for employees and managers, which are controlled by the human resources units, ensure transparency. Salary decisions are made on the basis of the "multiple-eye principle" in order to prevent possible discrimination. The remuneration guidelines and tables for employees paid according to collective bargaining wage tariffs can be viewed on the intranet. In addition, employees have the right to submit complaints at the works council and company levels. We are now providing additional information for the implementation of Germany's remuneration transparency act. For example, we show employees how comparable groups of both genders are paid in accordance with the various remuneration components.

In cases where Daimler AG and its Group companies have signed collective bargaining agreements, they often also offer voluntary benefits that are agreed upon with the respective employees' associations. These benefits primarily consist of employer-funded retirement contributions as well as profit-sharing agreements for the respective company. For example, the eligible employees of Daimler AG will receive a profit participation of €4,965 for 2018 (2017: €5,700). In addition, our employees can avail themselves of a wide variety of sports facilities and social amenities, ranging from daycare centers to the counseling service for people in extreme situations.

Modern working conditions. Today's living and working conditions require working times to be flexibly organized in accordance with individual needs. The aim is to promote high performance, not mere attendance. Our wide range of flexible working options boosts the performance of our employees and managers and makes it easier for them to reconcile their work with their personal lives.

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For example, Daimler AG put a company-wide agreement into effect on December 1, 2016 that gives people the right to mobile working, provided their tasks make this possible. In this way, Daimler is promoting flexibility and self-determination while building on a culture of trust. The employees are extensively availing themselves of mobile working opportunities.

Reconciling work and family. Of the 3,877 employees who took advantage of parental leave at Daimler AG during 2018, 82 percent (2017: 79 percent) were men. We encourage all employees who take parental leave to return to their jobs at the company, because we depend on their knowledge and experience.

We offer 705 places in our own daycare centers as well as approximately 200 reserved places at cooperating facilities. In addition, we cooperate with a third party that assists employees in Germany in finding childcare providers. We have opened additional daycare centers in Hungary, the United States and Japan. In addition, we offer places for refugee children in Stuttgart and Kassel. We have also set up parent-child rooms at several locations and offer childcare services at business events.

Furthermore, company agreements at Daimler AG enable employees to suspend their careers for several years for a qualification program or a sabbatical or to provide home care – with the promise that they can return to Daimler AG afterwards. In 2018, a total of approximately 430 employees took advantage of the opportunity to take off work for a prolonged period, with 323 doing so in order to attend qualification measures (2017: 369), 107 to take a sabbatical (2017: 122), and 4 to provide home care (2017: 6).

Job sharing. We also promote job sharing, in which two employees share the same task or position and work together up to 60 hours per week. This provides managers in particular with a means of reconciling the needs of work and family. Job sharing also benefits the company at all levels, and Daimler is supporting this with a variety of measures. Managers can work part-time at Daimler. However, this arrangement requires reliable agreements by everyone involved. In mid-2018, more than 250 managers worked in job-sharing positions at the team, department and unit manager levels.

Part-time communities. Online platforms are available for employees, team leaders and department heads who would like to work part-time. On these platforms, participants can find potential job-sharing partners as well as like-minded individuals with whom they can share ideas.

Social Intranet at Daimler. With the launch of the new Daimler Social Intranet in 2018, we now have a globally standardized point of entry into the internal digital world of news, collaboration and information at the Daimler Group. The new Social Intranet replaces the internal social media platform previously offered via the Daimler intranet. Employees receive a personal profile and can use the Daimler Social Intranet to communicate with colleagues, collaborate in virtual workspaces, and network with people at any Daimler location worldwide.

The Daimler Social Intranet creates new possibilities for cross-functional and cross-departmental cooperation and open and dialog-oriented communication. The Social Intranet will help employees successfully shape the digital transformation. It will also enable them to put the new Daimler leadership principles into practice and experience the company's cultural transformation at first hand. A project team from DigitalLife Strategy, IT and Corporate Communications has been responsible for the implementation of the new Daimler Social Intranet.

Recruiting digital talents. To supplement our standard recruiting process, we have an active sourcing program for recruiting employees for positions that are hard to fill. This applies especially to digital talents. To do so, we directly address potential candidates via social networks and

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digital platforms. We are proactively searching for candidates, contacting them online and digitalizing the recruitment process so that we can reach previously unexploited target groups and candidates from bottleneck profiles and thus gain experts for Daimler AG.

In addition, we are using **global employer branding** to position Daimler as an appealing employer brand that offers attractive jobs around the world. Our aim here is to address target groups where they are, for example through the use of Daimler Career social media presentations on Facebook, Instagram, and Xing, as well as via the Daimler AG on LinkedIn. We are also attracting attention to "Daimler as an employer" by implementing target group-specific and image-enhancing advertising measures – for example on online platforms and/or in print media and via poster and billboard campaigns in cities and universities. In addition, we make use of various formats such as reports, stories and looks behind the scenes that are created by and with employees in order to present an authentic picture of Daimler and the work atmosphere at the Group. All of these measures are designed for both potential job applicants who already know Daimler and people who are still relatively unaware of what Daimler has to offer as an employer.

Leadership 2020 – further development of the management culture. Our business is changing at a rapid pace. In order to remain successful in the future, we are changing our management culture and the way we cooperate. This is why we launched the Leadership 2020 initiative in 2016. Employees from more than 23 countries and all levels of management are currently working on Daimler's future management culture.

Guidance is provided by new management principles that, among other things, make the company faster and more flexible and boost its innovative potential. Procedures, processes and structures are being called into question and changed in eight "Game Changers."

For example, we are realigning our performance management, increasing the importance of teamwork, opening up alternative development paths, and introducing new instruments. In the future, we will also incorporate the feedback from supervisors, colleagues and employees into the human resources development process. In addition, we promote international job exchanges between people from various functions. Decision-making processes are being streamlined by reducing the number of decision-making levels. In this way, we are looking to become a faster company that can therefore concentrate even more strongly on strategically important decisions.

MyContribution. For us, a crucial element of the new performance management system is the initiative MyContribution. It mainly aims to encourage everyone to think about the contribution they can make to ensure the success of the entire team. The targets are continuously reviewed and adapted to current requirements in an ongoing dialog between the managers and their teams. This dialog occurs at the individual level as well as in the TeamPulseCheck. We launched the initiative in response to the challenges of a less plannable world. It enables us to adapt ourselves more rapidly to the current market situation and to implement solutions more efficiently. The implementation of MyContribution doesn't necessarily require a top-down approach. Rather, every team member can define his or her own contribution to the team's success at any time. The key element here is that the contributions are understood as team efforts. The coordination with the other team members aims to find the best possible solution for the company.

MyProfile. If they wish to do so, managers at Daimler can make information about themselves transparent for their own supervisors, for the HR unit, and for placement procedures. For example, they can present information about the stages of their careers as well as about their experiences, special skills, achievements and interests with regard to professional development. The digital profile can support their own development and, above all, promote networking within the company.

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MyFeedback. Our MyFeedback application helps us cooperate in daily business by enabling us to handle feedback constructively and thus steadily become better. Requesting and giving feedback is one of the management tasks at the company. The leadership principles serve as the basis for viewing MyFeedback as a key feature of the performance management system. Instead of concentrating only on what managers accomplish, MyFeedback focuses on how they enable tasks and teams to make progress. In this way, we emphasize leadership and social skills in our actions. In line with the slogan "Better together with feedback," this Game Changer creates the basis for an innovative management culture based on trust.

Agile structures. By 2020, a significant part of our workforce is expected to work in "agile" structures, including swarms across all levels of the hierarchy. Swarms arise wherever complex questions occur that don't have immediately apparent answers. In an idea-finding phase, the participants develop and test new approaches and solutions. New virtual and more connected tools and forms of work are needed for this, of course. Moreover, our new innovation management system enables employees to submit their ideas quickly and easily and to discuss them with their colleagues. To this end, our newly founded Lab1886, for example, is supplying infrastructure, resources and project support at four locations on three continents. The Board of Management regularly discusses the initiative's progress and decides what measures still need to be taken.

Qualification for the digital transformation, p. 100
#DigitalHealth, p. 103
Human-robot cooperation (HRC), p. 103
Industry 4.0 and exoskeletons, p. 103

Successful employee survey. Our Group-wide employee survey is a key indicator of where we currently stand from the point of view of our employees, and what we need to do to improve the company in the future. The survey conducted in 2018 was based on a completely new concept. In September 2018, nearly 300,000 employees in more than 50 countries were invited to participate in the survey and send us their feedback. The Group-wide participation rate of 80 percent was the highest rate posted to date for a Group-wide employee survey at Daimler. This outstanding participation rate underscores our employees' interest and their willingness to actively help shape the company's further development. 75 percent of our employees who participated in the survey reported that they are satisfied or very satisfied with Daimler as an employer and that they are proud to work at Daimler.

Number of years at the company and labor turnover. Our employees' great loyalty to the company is also expressed by the amount of time they have worked for Daimler. During the year under review the average length of time our employees have worked for Daimler decreased slightly to 15.8 years (2017: 16.1 years). In Germany, employees had worked for the Group for an average of 19.4 years at the end of 2018 (2017: 19.5 years). The comparative figure for Daimler AG was 20.2 years (2017: 20.3 years). Daimler employees outside Germany had worked for the Group for an average of 10.6 years (2017: 11.0 years). In 2018, our labor turnover rate amounted to 4.9 percent worldwide (2017: 5.1 percent).

Diversity management

Daimler promotes the diversity and heterogeneity of its employees, because they serve as the basis of a successful, high-performing company. As a result, diversity management is included in our corporate strategy. Our associated objectives and areas of action are:

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1. **Best mix:** Forming best teams based on equal opportunities and anti-discrimination.
2. **Work culture:** Creating a supportive and inclusive working environment.
3. **Customer access:** Understanding, appreciating and approaching customers in their individuality.

All of the members of the Daimler Board of Management support our Diversity Statement and actively advocate the realization of its principles:

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

Once every quarter, the Board of Management discusses our diversity management activities and the associated results. We also hold discussions with external stakeholders as part of our involvement in the Diversity Charter, of which we are a founding member.

Diversity brochure "Ready to Be Different" (PDF)

Internationality. Daimler's more than 298,000 employees from over 160 countries provide the Group with a vibrant mixture of cultures and ways of life. Most of our managers abroad come from the respective regions. Our employees' diverse cultural backgrounds help us to better understand the wishes of the customers in each region and tailor our products accordingly. We support our employees with worldwide staff assignments, mentoring, intercultural skills training and targeted recruiting measures. Our company's intercultural scope is also increased by the fact that international candidates account for more than a third of the people recruited through our trainee program.

Worldwide employee assignments. To promote global thinking, personal development, and understanding of new cultures and worlds of work, around 2,000 Daimler employees from nearly 50 countries are taking part in international assignments throughout the world. By far the most important country in which assignees from Germany work is China, with a share of about 30 percent. It is followed by the USA at 17 percent and Mexico at around 7 percent. Other important target countries include Hungary, Japan and South Africa.

However, we also promote the assignment of employees from our global locations to Germany so that they can build up networks and deepen their know-how. Such expats from abroad also help to make Daimler in Germany more international. We currently have around 140 global assignees in Germany, with most of them coming from the USA, China, India and Brazil. Employees take on international assignments for a variety of reasons, including the creation of new facilities and the expansion of existing ones. Examples from 2018 are Jawor in Poland and Esipovo in Russia. In this way, we want to preserve our know-how over the long term worldwide and are also close to our customers.

Gender. Our aim is to increase the share of women in senior management positions to at least 20 percent by the year 2020. 18.8 percent of our executives in middle and upper management currently are women. To achieve our objective, we have installed a stringent reporting and forecasting system. Numerous measures implemented along the process chain address everything from recruiting to employees' further development and career advancement for women employees.

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Generations. Demographic development has led to an increase in the average age of employees at our company, which now stands at 44.8 years at Daimler AG in Germany (2017: 44.7 years). This trend is likely to continue in Germany over the next five years up to the point when many employees from the baby boomer generation retire.

The age differences at the company will rise in the future, due to the increase in the retirement age and the extension of people's working lives. We consider this transformation an opportunity, and we are adjusting the framework conditions accordingly. Our generation management system focuses on measures for maintaining the performance and health of younger and older employees and promoting cooperation between people of different ages.

Focus of our generation management activities.

- We now perform ergonomics assessments for workstations as early as the workstation planning stage. These assessments, along with ergonomics inspections conducted during production operations, are designed to ensure that employees can work at ergonomically designed workstations without any risk to their health – until their retirement from the company.
- New technologies such as those for human-robot cooperation will enable us to make work in production units even less physically demanding in the future.
- In addition, targeted training measures make employees more aware and knowledgeable about the challenges associated with demographic changes.

Strategic human resources planning. How will our workforce develop over the next ten years – and what type of workforce structures will we need to have in the future? These are the questions that we are addressing within the framework of our Strategic Resource Management system. We continued the rollout of this system at our German car production sites in 2018 and also introduced the system methodology at our international car plants. Analyses of specific requirement situations are being conducted and the potential use of the system is being examined at our truck and van manufacturing facilities. This has enabled us to forecast our future workforce requirements more precisely, which helps to ensure that we will be able to implement targeted measures in a timely manner.

Senior experts. Last year we continued and expanded the implementation of our successful concept for senior experts – experienced former employees who come back to work for the company after retirement.

YES! demographics initiative. The "EY ALTER" exhibition, which is part of the demographics initiative YES! (Young and Experienced together Successful) at Mercedes-Benz Cars, encourages people to change the way they think about aging. The exhibition not only presents scientific facts about aging but also highlights the strengths of each generation and helps in calling common stereotypes into question. "EY ALTER" exhibitions were held in Bremen in 2016 and at the Mercedes-Benz Museum in Stuttgart in 2017. The exhibition also finished a run in Berlin in January 2019.

www.eyalter.com

Demographics mirror. As part of the YES! initiative, we have also developed a demographics mirror that is being used at various car production facilities. The demographics mirror is an instrument for holistic demographic management – the goal here is to utilize targeted measures to exploit the opportunities associated with the demographic transformation.

Diversity Day. In line with the slogan "Changing perspectives. Ready to be different.", we held the sixth Daimler Diversity Day in June 2018. Originally launched within the framework of the German Diversity Charter as a nationwide event in Germany, Diversity Days are now held at Daimler locations on all continents around the globe. Various activities in 2018 once again enabled employees to experience diversity in a variety of ways and also offered them opportunities to change the way they think about the topic.

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Employee Resource Groups. Employee Resource Groups enable employees with shared interests, experiences and values to connect and discuss across all divisions and hierarchical levels of the company. Employee Resource Groups help make diversity a firm component of our corporate values and they also support a culture of diversity and appreciation at Daimler. Daimler therefore promotes the establishment of Employee Resource Groups by employees and consistently emphasizes the potential of networking as a key resource for the company. Networks often facilitate the rapid and creative development of solutions and can serve as important partners for projects and events. Some 4,000 employees are currently active in more than 12 Employee Resource Groups at Daimler.

Employees with severe disabilities. Employees with disabilities are an important and fully integrated part of our diverse workforce. Nearly 9,000 employees with disabilities work at Daimler in Germany, and the number of such employees has exceeded the legally mandated quota for many years now. Training for young people with disabilities is particularly important to Daimler. As early as 2006, we began cooperating with the severely handicapped persons' representative to put together a plan of action for taking on disabled trainees. Over the last five years, more than one hundred young individuals with disabilities have started a Daimler training program.

Daimler Pride Tour 2018. Our international commitment underscores our social contribution to integration and solidarity and demonstrates that Daimler stands for tolerance, appreciation and openness worldwide. In 2018, we expanded our "Christopher Street Day" commitment to 17 pride parades around the world that highlight diversity as it pertains to sexual orientation. Our participation in parades in Germany and abroad is based on an ongoing dialog between the company, employee representatives and Employee Resource Groups.

Trans*@Daimler. The Trans*@Daimler guideline for managers, human resources managers and employees offers an example of how we actively promote equal opportunity and a work environment free of discrimination. The guideline, which was developed in cooperation with our transgender community, explains our in-house regulations and contains a corporate statement for strengthening the status of transgender colleagues. A traveling exhibition on the topic of "Trans* in the working world" that visited German Daimler plants in 2018 has made our employees more aware of the importance of transgender issues.

Development and advancement

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

High-quality vocational training. Our industrial-technical and commercial vocational training, as well as our study programs at the Cooperative State University, enable us to attract most of the junior talents we require. We continuously expand our job portfolio as needed. In Germany, the Daimler Training System (DAS) ensures the high quality and efficiency of our technical vocational education.

In 2018, our international exchange programs for trainees and trainers enabled 165 trainees and 21 trainers to gather initial experience abroad. In addition, we are making our training activities even more international. At our international locations, we are creating our own company training centers and qualification structures or supporting the respective regions' offers. Furthermore, we are also establishing dual education elements outside Germany.

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In 2018 Daimler employed a total of 8,061 trainees (2017: 8,097), including 2,046 abroad (2017: 2,138). At international locations such as those in China and India, more than 6,500 young people are being trained and qualified in cooperation with schools and in other training models. This figure is increasing.

Professional training and qualification — lifelong. In keeping with the principle of lifelong learning, we enable our employees to obtain further education and training — professional as well as personal — throughout their careers. Supervisors and employees regularly meet to discuss qualification topics and agree on appropriate measures.

Operational professional training at Daimler AG is regulated by the general works agreement on qualification. We provide our staff with training and continuing education opportunities for their professional and personal development throughout their careers. At least once a year, employees discuss qualification topics with their managers and agree on appropriate measures. The company agreement on qualification regulates continuing education at Daimler AG. This agreement also stipulates that employees can leave the company for up to five years in order to learn additional skills and guarantees that they can return to the company. In 2018, 323 employees availed themselves of this opportunity. Moreover, managers can facilitate employees' qualification efforts with time credits and financial support.

Qualification of personnel for the digital transformation. We are creating suitable framework conditions in order to provide our workforce with the skills they need for the digital transformation of our Group. We are working to recruit and bind digital talents and to create a digital management culture and organization. Moreover, we offer qualification measures for the entire workforce on the basis of the identified qualification and professional training requirements for the company's digital transformation.

To this end, we have developed four strategic areas of action for professional education:

- **Digital transformation:** We focus on digitalization in development, production, sales and administration and have consistently aligned our education programs accordingly.
- **Agility in professional education:** We strengthen agile forms of working and learning and achieve the required flexibility by ensuring solid basic qualifications and modular specialization for lifelong learning.
- **Digital learning formats and systems:** We are creating a fluid and networked IT infrastructure that puts those who learn at the center of everything and enables intuitive learning in any place and at any time.
- **Innovative training and education organization:** We develop innovative training and education programs with strategic education partners and use new business models for education and training around the globe.

Qualification focal points and areas of responsibility

- **Group Research and Mercedes-Benz Cars Development.** The Research and Development (R&D) Technology Academy is helping to boost the knowledge of our R&D employees and develop their skills in order to make them fit for their future tasks.
- **Production.** Our production locations are responsible for the qualification of managers and specialized employees in manufacturing. We attach especially great value to imparting cutting-edge technical knowledge at these locations. In 2018, we qualified our employees in subjects such as electric mobility and robotic technologies.
- **Sales and customer service.** The Global Training unit reinforces and increases the skills of the employees in the Mercedes-Benz sales organization worldwide. It develops training concepts at a central location, from which they are provided to all countries. More than 800 Mercedes-Benz trainers instruct about 210,000 participants each

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year in over 100 countries around the world. A total of 1.3 million training courses are held each year.

- **Managers and skilled workers.** The Daimler Corporate Academy supports the Group as it develops a new management culture and world of work. In 2018, the Corporate Academy helped a total of 65,800 managers and skilled workers worldwide to develop personally and professionally:
  - as managers (8,000 worldwide, from vice presidents down to line managers),
  - as skilled workers (25,000 worldwide, from IT, Procurement, Finance & Controlling, HR and the Board of Management divisions),
  - in general business skills (15,000 participants in Germany),
  - and academically (more than 133 students in Germany).

The focus here is on digitalization and digital learning, and the programs on offer supplement the Group's Digital@Daimler projects and initiatives. In the second Daimler Massive Open Online Course – LeadingDigital – managers from all organizational units and hierarchies around the world addressed the topic of leadership in the digital world. All in all, 21 percent of the programs offered by the Corporate Academy focus in whole or in part on the topics of digitalization and agility.

Recruiting and developing skilled talents. Our broad range of career-entry and qualification programs is targeted at talented young employees, to whom we offer development opportunities at our company.

- **Students at the Cooperative State University.** The dual education system at Daimler offers 13 internationally recognized bachelor degree programs that combine theoretical knowledge with practical assignments in Germany and abroad. The system is offered at 13 company locations in Germany. In 2018, we had over 180 students at the Cooperative State University (DH). We hire around 200 DH graduates each year.
- **Skilled workers.** The "Focus on skilled workers" further education program supports employees in production units who have successfully completed the first few years of their careers and who want to develop professionally by becoming specialists or managers, for example.
- **Manager trainees.** INspire is the name given to our range of international talent programs designed to optimally prepare manager trainees for their future careers. Such programs include "INspire – the Leaders' Lab," a 24-month training program that places trainees in top projects and assignments abroad. The program focuses from the very beginning on the development of managerial skills. Here, individual support by a mentor from the top management level, as well as customized training courses and varied project assignments, optimally prepare qualified participants with an international profile and professional experience for their future management roles.
  The "INspire – the Leaders' Lab" program for manager trainees has been offered to job applicants since 2018 and replaces the previous CAReer trainee program.
- **Doctoral candidates** can work on their degree in cooperation with Daimler by pursuing their degree at a renowned university and having Daimler registered as a non-academic partner. The candidates are given a three-year contract for this purpose.
- **Internships.** The Daimler Student Partnership (dsp) is a university study support program for all locations. It aims to bind high-performing interns to our company. These students are personally supervised and receive individual support. The program seeks to encourage the participants to directly join the company, to earn a doctoral degree or to enter Daimler through the new management trainee program "INspire – the Leaders' Lab."
- **Positions that are hard to fill.** Along with our standard recruiting process, we also utilize an active sourcing program to recruit employees for positions that are hard to fill. To do so, we directly address potential candidates digitally via social networks and digital

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platforms. In addition, we are using global employer branding to position Daimler as an appealing employer brand that offers attractive jobs around the world.

Active sourcing and global employer branding, p. 95

Health management and occupational safety

Demographic change and the transformations in the working world affect the performance of our employees. As a result, we need forward-looking sustainable solutions aimed at maintaining employees' health and physical well-being.

Key figures for occupational health and safety

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

Maintaining and promoting employee health. As part of Daimler AG's health management approach, we develop and implement anticipatory solutions that range from the job-related "Daimler GesundheitsCheck" and the ergonomic design of workstations to the IT system that makes it easier to permanently reintegrate employees suffering from limitations imposed by their health.

Medical care for employees. At Daimler, occupational and emergency medicine includes various measures for the prevention of work-related illnesses and occupational diseases, health maintenance in the workplace, and the diagnosis and treatment of acute illnesses and accident-related injuries. It lies within the area of responsibility of our plant and company physicians worldwide.

Daimler AG provides its employees with comprehensive occupational medical care. This care is supplemented by the measures and services of the company health program and the counseling service.

Our company health promotion is aimed at motivating employees to develop healthy lifestyles and reinforcing their sense of personal responsibility regarding health issues. This objective is promoted worldwide with the help of campaigns, counseling and qualification offerings, as well as therapeutic and rehabilitation measures. All of our plants in Germany have health centers on their premises or cooperate with health centers located near the plants.

We cooperate with our healthcare centers to offer innovative concepts for employees suffering from problems with their backs and joints, for example. The fit@work program uses a multipurpose device to bring five-method and cutting-edge fascia training directly to the workplace for the first time.

Measures and initiatives for company health promotion

Counseling service. Our counseling service offers all staff members – managers, employees and function holders such as HR managers and works council members – coaching and advice in situations marked by conflict or crisis with regard to one's personal affairs or one's role in the company. The personal counseling organization works systematically to find solutions that not only resolve specific problems but are also geared toward strengthening the individual's own resources. In addition to counseling services, the organization offers workshops related to specific units and courses that enable managers to further develop their psychological and social leadership skills.

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The ergonomics strategy. Our general works agreement on ergonomics underscores the company's obligation to give workstations an ergonomic design. In keeping with this agreement, our new ergonomics strategy describes the objectives and principles according to which we want to implement ergonomics even more systematically and sustainably at our company than in the past. The strategy focuses on the following measures and areas of action:

- the use of the ergonomics standards in all areas of development, planning and production,
- responsibility for ergonomics from the concept stage all the way to series production,
- continuous ergonomic improvements,
- qualification of the employees and managers,
- introduction of ergonomics at the international level,
- demographics-appropriate workstations that will remain viable in the future.

IT system for ergonomics assessment. Our newly developed IT system for ergonomics assessment helps the company evaluate how ergonomic its workstations are. At the same time, it enables qualification profiles to be drawn up for the assignment of physically impaired employees in line with their abilities. The results are recorded and documented in a database to ensure that the analyses are transparent throughout the Group. It helps to ensure that uniform ergonomics processes and systematic ergonomics analyses are established at all divisions.

New media. We are increasingly using media such as videos, wikis and web-based training courses in order to increase the appeal of ergonomics and occupational safety issues and make employees more aware of their significance. For example, we have produced videos for general initial employee training and on the topic of ergonomics. Our general initial employee training video emphasizes how everyone – managers as well as employees – is responsible for creating a healthy and safe work environment.

#DigitalHealth. Our #DigitalHealth initiative deals with health and safety issues within the context of the digital transformation process. We are particularly interested in knowing how digitalization affects the health of our employees. At the same time, we are working on introducing digital systems such as healthcare apps in order to improve the health and safety of our employees.

Human-robot cooperation (HRC). We use our modular HRC safety concept at all of our production facilities. This concept serves as the basis of the EC-conformity declaration. The concept can be flexibly used regardless of whether a robot takes on an assisting or service-supporting role or operates completely automatically.

Industry 4.0 and exoskeletons. Another important issue involves the use of wearable computing systems and the exoskeleton systems that are becoming more and more common on the market. Wearable computing systems provide better opportunities for the design of work and processes in connection with Industry 4.0. Exoskeleton systems can ease the burden on employees who perform physically demanding work and can also support employees whose physical strength or capabilities are limited. However, in both of these areas we need to take into account not only occupational safety risks but also ergonomic and medical factors. In joint pilot projects that are being conducted with experts from various specialist units, we are therefore now developing and testing concepts for danger and risk assessment and managing the implementation of associated systems at our production facilities.

Preventing accidents and making workplaces as safe as possible. Daimler's occupational safety program includes various measures for the prevention of work accidents, work-related illnesses and occupational diseases. Our Center of Competence Safety creates the associated Group-wide guidelines. Key occupational and health protection processes are standardized at our company.

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Every organizational unit within the Daimler Group sets and pursues occupational safety objectives on a regular basis in accordance with our occupational health and safety guidelines and occupational safety strategy and the results of audits and reviews. An effective reporting procedure helps the units achieve the previously set targets.

Our managers are responsible for ensuring that all internal guidelines and legal requirements for occupational health and safety are complied with. Each location regulates the responsibilities and obligations in line with local conditions. The responsible managers are assisted by experts in the field of occupational health and safety.

Our occupational health and safety guidelines focus on prevention and continuous improvement. The guidelines emphasize the managers' obligation to act responsibly but also underscore the fact that the employees themselves have the responsibility to actively participate in the associated measures.

The occupational safety and health management system. Our occupational safety and health management system, which is standardized throughout Germany, also includes an in-house auditing concept according to the ISO 45001 standard. This concept is regularly updated. A guideline on occupational health and safety that applies to all company units creates the framework for an international occupational health and safety management system and also defines all standards required in this area. Implementation of the guideline and its standards will also be audited in the future. Three pilot audits have already been performed using an auditing method based on the ISO 45001 standard.

Accident documentation and accident statistics. Our cross-site accident documentation system is supported at Daimler AG by a standardized statistics system. It helps to ensure that the database is correct by enabling users to access the source systems for the hours of attendance, lost days and organizational structures.

Accident-prevention initiative. A large proportion of accidents are caused by faulty behavior. Numerous initiatives that focus on behavior have therefore been launched throughout the Group. In Brazil, for example, a behavior-based safety training program known as DuPont™ STOP® has been introduced in order to raise awareness of unsafe conditions and risky behavior, initiate discussion of such topics, and encourage employees to support one another to ensure safe work conditions and operations.

Our basic accident-prevention tool is the risk assessment of workplaces and work processes. This tool is used to investigate individual processes. All of these individual assessments combined then generate the overall assessment. If necessary, medical examinations are then conducted in accordance with the respective international regulations that apply in a given situation. The concept is planned to be continuously adapted to legal changes and optimized.

Risk assessments are planned to become digitalized in 2019 through the introduction of a new instrument that can be accessed from various platforms by affected organizational units at any time. The new system is multilingual and is to be implemented on an international scale. Pilot operations are already under way at Group locations in Germany.

Accident statistics

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Political dialog and representation of interests

As a company with global operations, we have to deal with a wide range of political changes and decisions that impact our business activities. In order to safeguard the future of the Daimler Group, it is therefore important that we represent the interests of our company in an open and trusting dialog with governments, associations, organizations and various groups in society.

We want to continue sharpening our employees' awareness of the need in daily business life for responsible and transparent action when we are communicating the company's interests. To this end we offer support, for example in the form of training courses on our management policy "Lobbying, Political Contributions and Party Donations."

In order to safeguard the future of the Daimler Group, it is important that we represent the interests of our company in an open and trust-based dialog with governments, associations, organizations and various groups in society. In line with this philosophy, such a dialog also enables us to hear their concerns and consider their points of view in our actions.

Our principles for political dialog and representation of interests form the basis of responsible, reliable and open action with the aim of harmonizing the company's interests with the interests of society at large. This also includes the idea of maintaining neutrality when dealing with political parties and representatives of interest groups. The aim of our discussions with political decision-makers is to achieve greater planning security and contribute our ideas to processes of social change. We focus here on issues such as vehicle safety, emission regulations, new mobility concepts and electric mobility. Other important issues include trade policy, location-specific matters and education and human resources policy.

Our management policy on "Lobbying, Political Contributions and Party Donations" governs, among other things, the use of lobbying instruments and other methods for making our interests known in the political realm. We represent the company's interests through dialog with decision-makers, including elected officials or politicians who have been nominated for office, government officials, representatives of political interest groups, trade organizations, business associations and government agencies. Participation in working groups and product sales to ministries, government agencies and diplomatic missions are part of our business operations and therefore not considered a component of lobbying.

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We regard donations to political parties as an element of our social responsibility and as a contribution to the democratic process. We make these donations in strict conformity with applicable law. All donations to political parties require a Board of Management resolution. As in previous years, Daimler AG made in Germany donations totaling €320,000 to political parties in 2018. Of this total, the CDU and SPD each received €100,000, and the FDP, CSU and BÜNDNIS90/DIE GRÜNEN €40,000 each.

Our central coordinating body for political dialog at the national and international levels is the External Affairs and Public Policy department, which falls under the responsibility of the Chairman of the Board of Management. This department operates a global network with offices in Berlin, Brussels, Beijing, Singapore, Stuttgart and Washington and also has corporate representatives in other key markets. In order to ensure that political lobbying activities are coordinated, and also to avoid political target groups being addressed in an uncoordinated manner, employees must be registered at the External Affairs and Public Policy department.

Also through the Group-wide Lobbyists Register, we want to ensure that our political lobbying is carried out in accordance with applicable regulations and ethical standards. The register also helps us meet the registration requirements of public institutions.

Involvement in associations. In addition to direct dialog with political decision-makers, we are also involved via major industrial associations, such as the German Association of the Automotive Industry (VDA). In these ways we participate at all levels in the political debates concerning air pollution control in German cities and the promotion of sustainable mobility, for example. We are actively participating in the development of solutions by means of our know-how and our technology.

Sustainability in the supply chain

Sustainability in the supply chain

Our company's success depends in large part on our close and trust-based cooperation with our suppliers all over the world, who play an important role in the value created by our products and services. Our three procurement units – Mercedes-Benz Cars Procurement and Supplier Quality (MP), Global Procurement Trucks and Buses (TP/G), and International Procurement Services (IPS) – are jointly responsible for the Daimler Supplier Network cooperation model and, in line with our sustainability philosophy, they also work together to ensure responsible procurement of materials and services.

Our vehicles consist of several thousand parts and components procured from numerous suppliers worldwide, which means our upstream supply chain is very complex and continues to develop dynamically. We use targeted measures and concepts for the sustainability management of our tens of thousands of suppliers. These sustainability management measures include supplier screenings, risk-based due diligence analyses, and sustainability training courses for suppliers around the world.

Sustainability management in the supply chain

Our standards and requirements. Our Supplier Sustainability Standards, which are an integral part of our conditions of business, define our requirements for working conditions, human rights, environmental protection, safety, business ethics and compliance. We urgently require our direct suppliers of goods and services all over the world to comply with these standards.

We expect our suppliers of production materials to operate with an environmental management system that is certified according to ISO 14001, EMAS or other comparable standards. We also expect this of our suppliers of non-production materials on the basis of our risk assessments. With regard to animal protection, we require our suppliers to comply with applicable laws and regulations. We do not tolerate or support the unethical treatment of animals.

We demand that our direct suppliers commit themselves to observing our sustainability standards, communicating them to their employees and to their upstream value chains, and then checking to ensure that the standards are complied with. We support them in these activities by providing them with targeted information and training and qualification measures. The central information platform for suppliers is our Daimler Supplier Portal.

Daimler Supplier Portal

Supplier review. Our employees review new suppliers of production materials to Global Procurement Trucks & Buses in high-risk countries by means of sustainability-related on-site assessments. At Mercedes-Benz Cars, new suppliers in less risk-prone countries are also investigated by our procurement and quality employees, with a specific focus on their sustainability performance. We also conduct a more thorough assessment where this is necessary. The results of the assessment are discussed in management committees and flow into decisions on whether to award a contract.

To ensure that our direct suppliers comply with the sustainability standards, we regularly conduct risk analyses. We use regular database research and other measures to discover any violations of our sustainability and compliance rules by our current suppliers. We systematically follow up all reports of violations. With the help of an online survey, we also question our main suppliers about their sustainability management and their communication of these requirements to their upstream value chains. On the basis of the results, we define measures to improve their sustainability performance.

We have established a complaint-management process that enables individuals to draw attention to possible human rights violations at suppliers. In this context, we work together closely with the world employee committee. We bring together all the available information and take action if the reports are well founded. The suppliers are requested to respond to the accusations; after that, we assess the facts of the case and take the necessary measures. This can lead to the termination of a business relationship. However, it is not always productive to end cooperation with a supplier immediately after a case of misconduct. It often makes more sense to work together with the supplier to improve the situation. This approach also benefits the people at the location. In addition to the complaint-management process, information on misconduct can always be submitted to the BPO whistleblower system established by Daimler.

BPO whistleblower system, pp. 79 f.

Dialog and training. In order to achieve consistent sustainability management in the supply chain, we need to ensure that suppliers have a common understanding of sustainability and possess the knowledge needed to implement specific measures. For this reason, we have been organizing supplier training courses with other vehicle manufacturers for many years now.

In 2018 we held training courses for suppliers in the focus countries Thailand, Hungary and Spain in cooperation with the European "Drive Sustainability" initiative.

Drive Sustainability initiative

We also participate in the creation of local networks and training workshops within the framework of the German Business Initiative for Sustainable Value Chains that was established by econsense – Forum for Sustainable Development of German Business and the Wittenberg Center for Global Ethics (WCGE). Initial supplier workshops whose participants also included Daimler suppliers were held in the focus countries and regions China and Mexico in 2018.

econsense initiative for sustainable value chains

Existing and potential suppliers can also participate in a free e-learning training program that helps them continuously improve their knowledge of sustainability issues.

In addition, we use a special e-learning program to provide our global procurement staff with information on sustainability topics and improve their qualifications. Training courses on current topics such as human rights violation risks are also held at regular intervals at Mercedes-Benz Cars Procurement facilities in various locations around the world (Austria, Argentina, China, India, South Africa, Mexico, the USA and Thailand).

Involvement in associations and sustainability initiatives. Our many years of involvement in various German and international industrial and business-sector associations helps us ensure sustainability in complex supply chains. We work with German associations such as econsense, the Association for Supply Chain Management, Procurement and Logistics (BME), and the German Association of the Automotive Industry (VDA), as well as international associations and organizations. For example, we are a member of the Automotive Industry Action Group (AIAG) in the USA and a lead partner in the "Drive Sustainability" initiative of the European automotive industry. Among other things, these associations and initiatives develop measures to improve sustainability in supply chains. The common framework established by the Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain sets minimum social and ecological standards for automotive companies and their suppliers.

In order to help ensuring efficient sustainability management and improve our ability to compare conditions, we also work with standardized instruments such as the industry-wide sustainability Self-Assessment Questionnaire.

Daimler is also expanding its activities for improving sustainable raw material supply chains through its participation in initiatives such as the Responsible Cobalt Initiative, the Responsible Minerals Initiative, the Responsible Steel Initiative and the Aluminium Stewardship Initiative. Here we focus on targeted cooperation with relevant stakeholders in raw material supply chains in order to improve working conditions and prevent human rights violations in raw material mining operations. These initiatives serve as important platforms that also make available sophisticated instruments for ensuring the safe origin of materials such as cobalt, steel and aluminum. Daimler continues to actively support their practical implementation.

Human Rights Respect System for the supply chain. The Daimler Human Rights Respect System is designed to enable the early identification and avoidance of systemic risks and possible negative effects of our business activities with respect to human rights. This system is also designed to achieve that the human rights of employees are respected by our direct suppliers and, on the basis of risk analyses in the case of specific supplier products, by upstream suppliers as well.

Human Rights Respect System, pp. 72 f.

Activities related to various raw materials

Cobalt. Cobalt is a special focus area for our sustainability management activities because of the potential human rights risks associated with its supply chain. Demand for cobalt will increase in line with the expanding electrification of vehicle fleets. Along with the implementation of our own measures, we also commissioned an external auditing firm to examine one of our future battery supply chains in accordance with OECD standards. The firm audited both downstream suppliers (from the battery manufacturers to the refineries) and upstream suppliers (from the refineries to the mines). This audit provided us with comprehensive cobalt supply chain mapping, which in turn forms the basis for greater transparency and better monitoring and influencing of the supply chain. The audit also included an examination of the systems used to prevent child labor and modern forms of slavery.

In those areas where potential for improvement was identified through the audits, individual corrective action plans were agreed on with suppliers, and we continue to monitor compliance with these plans. The examination of the battery supply chain thus formed the foundation for a process of continuous improvement, and the implementation of the corrective action plans improves our due diligence with regard to both direct suppliers and the entire supply chain.

Plans also call for long-term cooperation with the external service provider in order to safeguard the continuous improvement process. Capacity building at suppliers will be addressed more extensively as a result of supply chain mapping, cobalt supply chain auditing, scoring assessments for individual suppliers and the implementation of the corrective action plans. Our aim here is to support suppliers' efforts to prevent human rights violations. The aforementioned audit will be expanded to include other cobalt supply chains in the future.

During the year under review, Daimler also published an overview of the cobalt smelting activities in our current supply chain.

Further information about human rights

Mica. Mica, which is used in vehicle paints, is one of the substances identified by our Human Rights Respect System as a critical material. The supply chain for mica has therefore been thoroughly examined – for example by a team of quality engineers and human rights experts who audited three mines and three mica processing plants in India in order to determine whether these facilities comply with standards for protecting human rights. The overall objective of the project was to create transparency across the entire mica and paint supply chain in order to identify

any problems that might exist and then define appropriate corrective measures. As a result of the audits, one of our direct suppliers removed a sub-supplier from the paint supply chain. Daimler continues to pursue a dialog with the supplier in order to remain up to date on the company's sustainability management activities.

Steel, aluminum and precious metals. By conducting supplier surveys, we have increased transparency with regard to the origins of steel, aluminum and precious metals (platinum-group metals – PGM). We paid special attention here to implementing the duties of care with respect to human rights in the respective supply chains. We also engage in dialogs with individual indirect suppliers on the topic of human rights. Mineral-based raw materials such as steel and aluminum are almost fully recyclable and thus help us improve our resource efficiency. At the same time, this can in some cases be associated with social risks in the supply chain. In response to this conflict of priorities we have initiated a dialog with suppliers on the use of secondary raw materials.

Natural rubber. Our Human Rights Respect System has defined natural rubber as one of the focus materials subject to a supply chain analysis. Because natural rubber is used mainly in tires, we not only conduct our own supplier surveys and inquiries but also cooperate with association initiatives and our partners in the tire industry.

Conflict minerals. Within the framework of our Human Rights Respect System, we also examine tin, tantalum, tungsten and gold, which in some cases are mined in potential conflict-ridden regions. We require our suppliers to provide us with transparent information on the origins of such materials. Based on this information, we provide them with suggestions for implementing improvements. In this manner, we make a continuous effort to increase transparency and work towards the responsible procurement of materials from conflict-ridden regions. Our activities in associations and initiatives, such as the Responsible Minerals Initiative, also include the formulation of improvement measures.

Services. In the area of services, we have cooperated with human rights experts on the initiation of measures designed to increase awareness of human rights issues. We offer international web-based information on integrity and human rights, and a cross-functional team of procurement and human rights experts has now held a first "Good Practice Workshop" with logistics providers in Romania. These and other activities increase awareness of the importance of human rights through a constructive exchange of information and experiences and clear communication of what we expect from our business partners in this regard. Thus, we have established the foundation for further discussions, the expansion and systematic improvement of our Good Practice Sharing concept.

Social standards for contracts for work and services. The awarding and performance of contracts for work and services are subject to standards that extend beyond existing legislation in many areas. These standards define our requirements with regard to occupational health and safety, accommodation, remuneration, use of temporary employees, commissioning of subcontractors and freelancing. These social principles are relevant to all orders that exceed a period of two months and are conducted on the business premises of Daimler AG in Germany. All of the relevant service providers must sign a declaration that they comply with these standards. Only if they fulfill this condition can they receive new purchase orders. An auditing team from Procurement determines whether the standards are being complied with.

Social responsibility

Social responsibility

Through Daimler WeCare we aim to do our part as a globally operating company to promote social development all over the world. That's because we believe that business success and social responsibility go hand in hand. Through our social commitments, we want to make tangible contributions to the general good, together with our employees, at our locations all over the world.

In 2018, we spent approximately €66 million on donations to non-profit institutions and the sponsorship of socially beneficial projects. This does not include our foundations or self-initiated projects.

Effective control, high transparency. The donations and sponsorship committee of the Board of Management manages all of our donations and sponsorship activities around the world. The committee is guided by our Donations and Sponsorship Policy, which specifies binding regulations concerning criteria, legal provisions and ethical standards. Transparency is additionally facilitated by the donations and sponsorship database, in which all the donations and sponsorship activities of the Group worldwide are recorded. Regular informational measures sensitize our employees to risks connected with donations and sponsorship and help to ensure that these regulations are complied with all over the world.

Daimler WeCare. "With our employees," "For our locations," "Worldwide" – these three pillars form the foundation of our social commitment. We encourage our employees to get involved in socially beneficial projects and help improve the social environment in the communities where we operate. We also aim to strengthen communities, promote education, science, the arts and culture, and nature conservation, and to support initiatives such as MobileKids that improve road safety.

With our employees. ProCent is a good example of how our employees take the initiative when it comes to social commitment. In this program, Daimler employees voluntarily donate the cent amounts of their net salaries, and Daimler matches every cent donated. The total amount then goes into a support fund for socially beneficial projects, which can be nominated by the employees. In 2018, approximately 230 projects were approved in a volume of more than €2 million.

One of the many projects that are supported in this way is the Shangri-La International School in Chapagaun, Nepal. The school is currently providing a solid school education to 541 children, most of whom come from poor families. The sanitary facilities of the Shangri-La International School were renovated during the year under review, thanks to the ProCent program. The construction of a biogas plant for the school was also financed.

"Social Days," the "Day of Caring" and other hands-on campaigns such as "Give a Smile" give our employees the opportunity to participate in socially beneficial projects. During the year under review, almost 1,300 employees in 43 different projects participated in the "Social Days."

All of these activities are for a good cause, and they also strengthen the motivation of our employees as well as cohesion within the company.

For our locations. We conduct a wide variety of projects that not only support social development at our locations but also specifically improve the quality of life there. Among those that benefited from our activities in 2018 were the various charitable organizations in Stuttgart to which we donated 45 smart EQ[1] vehicles within the framework of the project "Im E-insatz für meine Stadt" ("On a mission for my city") that we launched together with the Stuttgart Civic Foundation.

On a mission for my city

We promote greater safety for children in road traffic through our MobileKids initiative. The program takes a holistic approach and thus is not aimed solely at the youngest category of road users. By providing extensive information and learning materials, we support the efforts of adults and educational institutions to prepare children for dealing with road traffic.

MobileKids

More curiosity – more future. With Genius Daimler has been demonstrating its commitment to social responsibility – since 2010. The aim of this initiative is to get children and young people enthusiastic about technology at an early age. To this end, Genius makes state-of-the-art instructional material available to teachers – some of it in digital form. In addition, Genius offers teachers training based on Genius material throughout Germany. During these practical training sessions, the teachers learn more about current technologies and themes related to digitalization.

Genius (available in German only)

Worldwide. We initiate aid projects worldwide to help people determine the course of their lives independently, on their own responsibility and without material deprivation, and in this manner create a better future for the generations to come. The "Water for Life" cooperation project with Caritas International is an example of an international charitable undertaking that extends across three continents. The project is being carried out in semi-desert regions in India, Brazil and Mozambique and supports the sustainable utilization of existing water resources in order to improve the living conditions of local populations. During 2018, we focused in particular on analyzing the results of the project in Brazil and assessing the effectiveness of our funding activities there. Our project in Brazil helped families and cooperatives adapt to difficult climatic conditions, test new farming approaches and develop new marketing channels. On the basis of our analyses, it is clear that the project is beginning to bear fruit.

Daimler WeCare

[1] Technical details and statements about power consumption and CO_2 emissions on p. 21.

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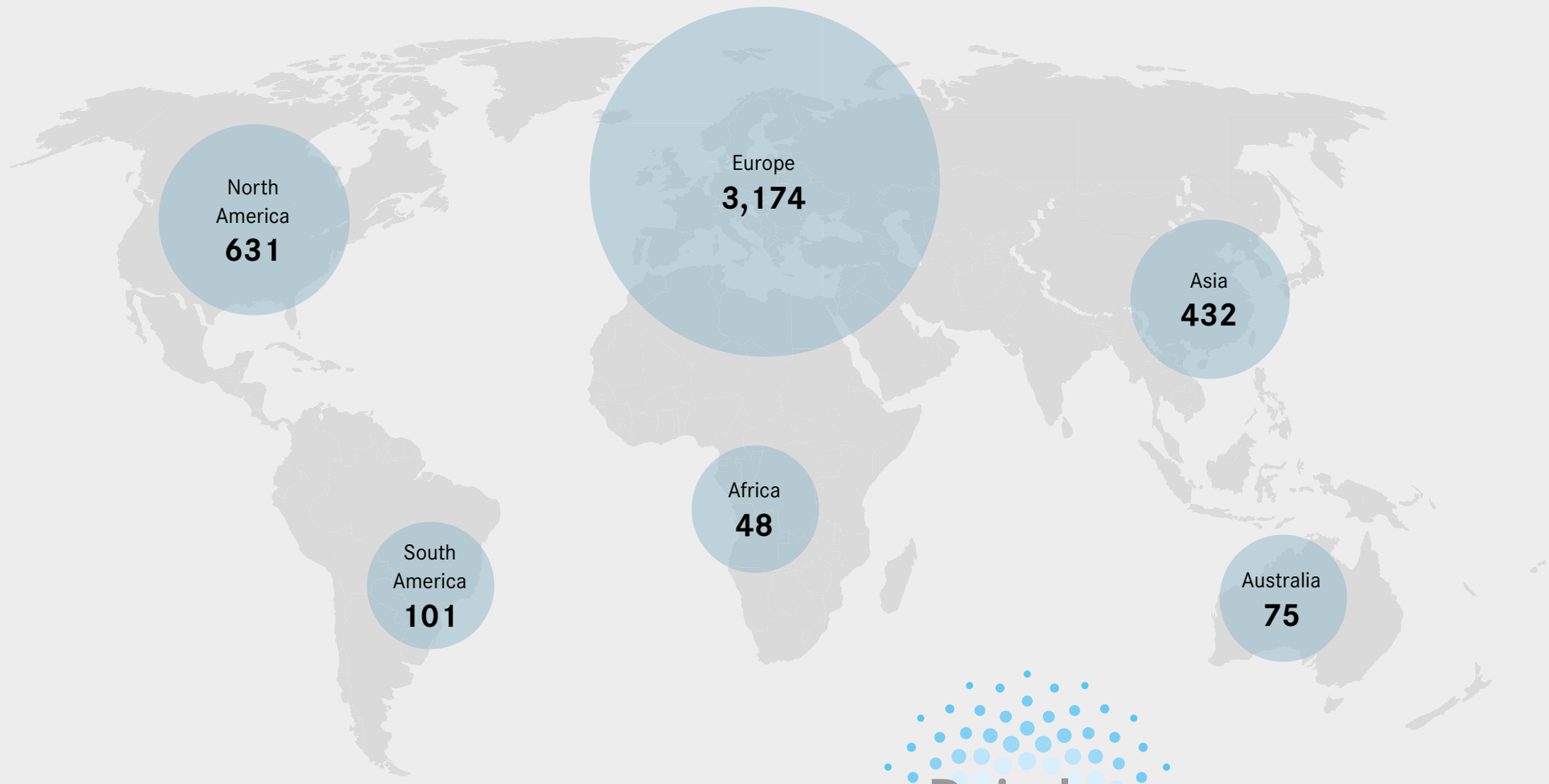
Effective social commitment – our projects worldwide



4,461

projects worldwide
in total

Daimler WeCare

Helping · Supporting · Engaging

Funding through foundations. Our foundations support projects around the world related to science, research, technology, education and sports.

Laureus Sport for Good Foundation. The Laureus Sport for Good Foundation uses sports to bring people together. It primarily enables socially disadvantaged children and teenagers to discover their potential through sports, and thus creates opportunities for a better future. There are now over150 Laureus projects under way in more than 40 countries. These projects have helped more than two million children worldwide.

One example is the Boxgirls Kenya project, in which young socially disadvantaged girls from poor Nairobi neighborhoods are taught martial arts in order to help them overcome trauma and strengthen their self-confidence. The girls can also be trained to qualify as boxing instructors so that they can earn an income of their own. “Boxgirls Kenya” is already helping 2,000 girls.

Laureus Sport for Good

Daimler and Benz Foundation. The Daimler and Benz Foundation supports interdisciplinary scientific dialog and research projects. The purpose of the foundation is to examine and clarify the interrelationships between humans, the environment and technology. The foundation offers scholarships to outstanding young scientists, and it also designs and implements innovative research formats and organizes lecture series.

Daimler and Benz Foundation

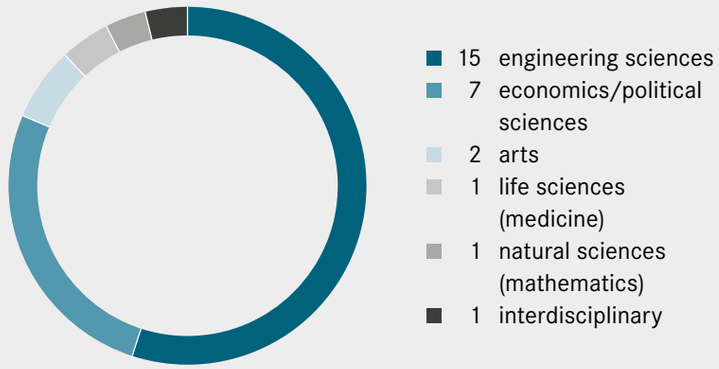
Daimler Fund. The Daimler Fund in the Donors’ Association focuses on structural problems related to research and teaching, as well as on the engineering sciences and international and scientific cooperation. Since 1993, it has helped establish 27 endowed professorships/assistant professorships in Germany and abroad.

Daimler Fonds (available in German only)

Areas of knowledge that are receiving support

30

Areas of knowledge that are receiving support – number of endowed professorships/assistant professorships



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Report profile

In this Sustainability Report we assess the main effects of our business operations in 2018 and present our current Target Program. We make this comprehensive report available as a PDF file in order to ensure that the information it contains is easy to find and use. As a result, topics and information can be directly called up by chapter.

Moreover, additional online information can be immediately called up through the links in the PDF file. This information supplements the PDF file and offers additional possible uses. For example, the website features a search function, an extensive thematically linked GRI Content Index, and a key figures tool with which you can create tables and diagrams adapted to your information needs. Furthermore, a purely online version of the Sustainability Report is also available this year.

Online report

The information provided in our Sustainability Report applies to the entire Daimler Group and its business divisions. We use a control approach, which means that the calculations take all of the Group's production-related majority holdings fully into account. The reporting period corresponds to our financial year, which runs from January 1 to December 31.

What has changed?

This report has been conceived on the basis of the company's sustainability strategy as agreed in 2017. It therefore concentrates on the eleven areas of action that we had identified as key areas in the preceding year. Only small adjustments have arisen with the aim of increasing comprehensibility and clarity, in order to once again delimit the areas of action more sharply and to increase the focus. This is also reflected in the structure of the report, which is somewhat different from the format we used last year.

The topics of corporate environmental protection have been integrated into the chapters "Climate protection and air purification" and "Conservation of resources."

The theme fields "Suppliers" and "Society" have each received their own chapters in the current report. This not only aids visibility but also reflects the special meaning that these theme fields hold for Daimler.

Materiality, pp. 5 f.
We publish information about other sustainability issues on our website

This report has been prepared in accordance with the "Comprehensive" option of the GRI standards

In 2006 Daimler joined the multi-stakeholder network of the Global Reporting Initiative (GRI) as an organizational stakeholder, and since 2016 it has been a "Gold Community Member". This report was prepared in accordance with the internationally recognized guidelines for sustainability reporting, the GRI standards.

GRI Content Index (PDF)

Our reporting activities are examined in accordance with ISAE 3000

We engaged the auditing firm KPMG AG to examine the Group's sustainability reporting. The examination was based on the International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), published by the International Auditing and Assurance Standards Board (IAASB).

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The main focus of the review was on the corporate level and was supplemented by spot checks in individual plants. The following information was examined:

- Key indicators concerning energy consumption, greenhouse gas emissions, water and waste in the online key figures tool for corporate environmental protection
  Corporate environmental protection key figures tool

- Information that was taken from the non-financial report:
  Stakeholder engagement (pp. 10–12)
  CO_2 emissions for our car fleet (p. 17)
  The new test cycle WLTP (pp. 17–18)
  CO_2 emissions according to the New European Driving Cycle (NEDC) in g/km, 2018 (p. 18)
  Human rights (pp. 72–74 [except the box for the target on p. 72 and the section about additional Group-wide measures on pp. 73–74])
  Compliance (pp. 78–81 as well as pp. 83–87 [except the section of "Information about significant legal proceedings against companies within the Daimler Group" on p. 87])
  Human resources strategy, areas of action and targets (pp. 88–89)
  Partnership with the employees (p. 90)
  Highly attractive employer (p. 92)
  Attractive and fair remuneration (pp. 92–93)
  Group-wide employee survey (p. 96)
  Number of years at the company and labor turnover (p. 96)
  Our principles for the political dialog and lobbying (p. 105)
  Our management policy concerning lobbying and donations to political parties (pp. 105–106)
  Central coordination office (p. 106)

After the conclusion of the examination we received a report, which presents the aim, purpose and foundations of the examination, the work performed and its conclusions. The internal reporting is conducted through the Corporate Sustainability Board (CSB).
Auditor's report, pp. 123 f.

Our UN Global Compact Progress Report

Daimler has committed itself to upholding the ten principles of the UN Global Compact. We were one of the first signatories of the UN Global Compact, and we participate in the LEAD group that was established in 2011. We are involved in thematic and regional task forces and initiatives of the UN Global Compact. With this Sustainability Report we are meeting our obligation to report regularly on our initiatives regarding human rights, labor standards and employee rights, environmental protection and the fight against corruption.

In July 2018 we submitted the Sustainability Report 2017 together with the document titled "Realizing the Blueprint: Corporate Action Plan" as our official UN Global Compact Communication on Progress. We will present the next Communication on Progress in July 2019.
UN Global Compact Communication on Progress

Reporting process and quality assurance

In addition to having KPMG conduct a system and data quality audit, we conduct detailed benchmark analyses. In parallel, we also have an internal process for reviewing our targets, measures and fields of action.

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Scope of reporting and data acquisition methods

Economic data. The information about economic relationships that is presented in the Sustainability Report for 2018 is based on data from the Daimler Annual Report 2018. The latter's Management Report and Notes to the Consolidated Financial Statements sections were certified without qualification by the auditing firm KPMG Deutsche Treuhand-Gesellschaft AG.

Further information can be found in the Annual Report 2018

Employee data. The facts and figures in the Employees section correspond to the facts and figures in the Daimler Annual Report 2018. The reporting on human resources data is based mainly on the HR ePARS electronic human resources planning and reporting tool, which combines the data of all consolidated companies within the Daimler Group. This information is supplemented with data acquired with the aid of the ePeople and HR EARTH electronic human resources management systems. The texts and diagrams in this section indicate whether the data refers to the entire Group or only to parts thereof.

Collection of data on corporate environmental protection. 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 data acquisition and analysis have been handled with the aid of a database. The data in this report reflects the structure of the Group in 2018.

This structure includes all the production plants of which the Daimler Group is a majority shareholder, as well as the German and other European locations of the logistics, service and sales units. It does not include the locations of Daimler Financial Services. For this reason, the timelines may differ from those of previously published data. New locations are taken into account from the date of commencement of series production. In 2018 the Brazilian car production location Iracemápolis was included in the balance for the first time. The environmental data for 2018 refers to a total of 72 production locations and satellite sites, four locations from Research and Development, and 36 logistics, service, and sales locations.

Specific environmental and energy data. Resource consumption and emissions are largely dependent on the number of units produced. That is why we calculate specific values for the individual divisions. This involves matching the number of vehicles produced in the consolidated plants of each division with the corresponding data from the production facilities. We measure the specific values of the Cars, Trucks, Vans and Buses units according to the divisional allocation that has been in force since 2006. This distribution was calculated back into the past as far as possible in order to obtain consistent timelines. The specific data gained in this way can only serve as general benchmarks, because it does not take into account the different ways in which the vertical integration of production has developed, the diversity of products, or the special features of the production network, which in some cases extends across divisions.

Disclaimer

This document contains forward-looking statements that reflect our current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "can," "could," "plan," "project," "should" and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates and tariff regulations; a shift in consumer preferences towards smaller, lower-margin vehicles;

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a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperation and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading "Risk and Opportunity Report" in this Annual Report.

If any of these risks and uncertainties materialize or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

The content of the report was checked by the responsible specialist staff. Parts of the report were also examined by KPMG.

Our last Sustainability Report appeared in April 2018 under the title "Sustainability Report 2017." The current Sustainability Report will appear in April 2019 under the title "Sustainability Report 2018." Our next report will be published in March/April 2020.

Editorial deadline for this report: February 22, 2019

Further information on the Group:

You can find our key financial figures for the 2018 financial year along with information on business developments, the divisions and changes to the product range in our Annual Report.

Annual Report 2018

The brochure "Daimler at a Glance" provides comprehensive facts and figures on the Daimler Group and its brands.

Daimler at a Glance (PDF)

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How we calculate and document our CO_2 emissions

Daimler calculates and documents its CO_2 emissions in accordance with the 2004 Corporate Accounting and Reporting Standard of the Greenhouse Gas Protocol Initiative (Scopes 1 to 3).

We document all CO_2 emissions from stationary sources (Scope 1), indirect emissions resulting from the generation of the purchased electricity and district heating (Scope 2) and emissions resulting from the use of our products (Scope 3). Thus we also take into account the emissions produced before and after our own activities.

Scope 1: We calculate our direct emissions from the combustion of fuels, heating oil, natural gas, liquefied petroleum gas and coal with fixed CO_2 emission factors as specified by the World Business Council for Sustainable Development (WBCSD) or the German Emissions Trading Office, DEHSt. From 2017 on, it also includes the fuel consumption of Daimler's own vehicles. It takes into account those vehicles whose fuel consumption is recorded using an in-house invoicing system. Vehicles that are not currently recorded by the system are being integrated into the recording by means of location-related queries. From 2010 to 2017 only the fuel consumption for stationary applications (mostly test stands and emergency generator sets) were taken into account.

As we consume fuels for non-production purposes (including company vehicles, test stands), we do not consider the fuels for our production-related goals (energy, CO_2). For this reason, the specific energy consumption and CO_2 emissions (measured per vehicle produced), which constitute the basis for the tracking of our production-related goals, are published without fuel consumption.

Scope 2: We differentiate by time and region in our calculations of the indirect emissions generated by district heating and electricity from external sources. If more detailed data is not available, we use the annually updated factors of the International Energy Agency (IEA). In the United States we use the electricity generation factors published by the EPA. Since 2016, CO_2 emissions have been calculated according to separate assessments for market-based and location-based emissions. This calculation is based on the new guideline of the Greenhouse Gas Protocol Initiative for determining Scope 2 emissions, which was published in 2015. For the assessment of market-based emissions, we determine the CO_2 emission factors of the local electricity tariffs or power companies at our worldwide locations. Where such information is not available, we continue to use the current average emission factor published by the IEA for the country in question or according to the EPA for the USA. For the sake of comparison, we also publish the CO_2 emissions of all our locations according to the location-based method, which takes only country-specific emission factors into account.

Scope 3: We calculate the CO_2 emissions generated by the use of our products on the basis of our sales figures and the average fleet consumption values. For this calculation, we assume that each car travels 15,000 kilometers per year for 10 years. For the vans, we set an average annual distance driven of 28,500 kilometers, also for 10 years. At the moment, no statutory test cycles are prescribed to be carried out for trucks and buses. The European Commission has developed a computer-based simulation program (VECTO) that aims to make manufacturers' statements regarding the fuel consumption and CO_2 emissions of trucks and buses comparable. Heavy-duty trucks and buses for long-distance and regional transport produced on or after January 1, 2019 will be the first vehicle segments to be certified using VECTO. We calculate other indirect CO_2 emissions due to purchased services and preliminary work for business trips and truck deliveries, which we use as examples.

Scope 3 emissions in 2018 (PDF)

We do not currently calculate the figures for other greenhouse gases across the Group. As the calculation of climate-relevant coolants in the German plants shows, the emissions from such refrigerants account for only a negligible amount in the parts per thousand range.

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Limited Assurance Report of the Independent Auditor regarding selected sustainability disclosures[1]

To the Board of Management of Daimler AG, Stuttgart

We have performed an independent limited assurance engagement on the indicators Energy consumption, Greenhouse gas emissions, Water consumption and Waste as well as those disclosures which are transferred from the combined separate Non-Financial Report 2018, published in the Sustainability Report (further "Report") of Daimler AG, Stuttgart (further "Daimler") for the year from January 1 to December 31, 2018.

The selected sustainability disclosures in the scope of our assurance engagement are listed in the Report Profile on page 119 of the Report.

[1] Our engagement applied to the German version of the Report 2018. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

Management's Responsibility

The Board of Management of Daimler is responsible for the preparation of the Report in accordance with the reporting criteria. Daimler applies the principles and standard disclosures of the GRI Standards of the Global Reporting Initiative, the Corporate Accounting and Reporting Standard (Scope 1 and 2) and the Corporate Value Chain (Scope 3) Standard of the Greenhouse Gas Protocol initiative, in combination with internal guidelines (further: Reporting Criteria).

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates for individual sustainability disclosures which are reasonable under the given circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Report in a way that is free of – intended or unintended – material misstatements.

Independence and quality assurance on the part of the auditing firm

We are independent from the company in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the legal provisions and professional pronouncements for quality assurance, in particular the professional code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed on the information above within a limited assurance engagement.

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We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. This standard requires that we comply with our professional duties and plan and perform the assurance engagement to obtain a limited level of assurance to preclude that the information above for the period from January 1 to December 31, 2018 is not in accordance, in material respects, with the aforementioned Reporting Criteria. We do not, however, issue a separate conclusion for each sustainability disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement.

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

- A risk assessment, including a media research, of relevant information about the sustainability performance of Daimler in the reporting period.
- Assessment of the design and implementation of the systems and processes for the collection, processing and control of the sustainability disclosures included in the scope of this engagement, including the consolidation of the data.
- Inquiries of personnel on group level responsible for providing the data, carrying out internal control procedures and consolidating the data on the quantitative indicators.
- Analytical evaluation of data and trends of quantitative information which are reported by all sites on group level.
- Evaluation of selected internal and external documents.
- Assessment of local data collection and reporting processes and reliability of reported data via a sampling survey in Sindelfingen, Düsseldorf (both Germany) and Kawasaki (Japan).
- Alignment of disclosures with the respective information in the combined separate Non-Financial Report 2018.
- Assessment of the overall presentation of the selected sustainability disclosures.

Conclusion

Based on the procedures performed and the evidence received to obtain assurance, nothing has come to our attention that causes us to believe that selected sustainability disclosures for the business year from January 1 to December 31, 2018 published in the Report are, in all material respects, not prepared in accordance with the Reporting Criteria.

Limited liability

This report is issued for purposes of the Board of Management of Daimler AG, Stuttgart, only. We assume no responsibility with regard to any third parties.

Our assignment for the Board of Management of Daimler AG, Stuttgart, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this report, each recipient confirms notice of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the General Engagement Terms with respect to us.

Stuttgart, April 11, 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Dr. Thümler	Mokler
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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UN Global Compact

Principles	UN Global Compact Principles	Page
Principle 1 Support of human rights **Principle 2** Exclusion of human rights abuses **Principle 3** Freedom of association **Principle 4** Elimination of all forms 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 assigned the responsibility for human rights issues to the Integrity and Legal Affairs division in the Group's Board of Management. In addition, we emphasize these issues in our corporate governance structure for sustainability. Our Human Rights Respect System aims to address human rights issues at Daimler's majority holdings as well as in the supply chain.	**Principle 1** 2, 4 f., 71 ff. **Principle 2** 71 ff. **Principle 3** 71 ff. **Principle 4** 71 ff. **Principle 5** 45, 71 ff.
Principle 6 Prevention of discrimination	To achieve that hiring processes are free of discrimination, whether gender-specific or in other forms, the fixed base compensation is based 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** 71 ff., 91 f., 95 f., 98
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 enables transparent reporting and clear areas of responsibility at all levels in our production facilities around the world. More than 98 percent of our employees work at locations with environmental management systems that are audited and certified according to ISO 14001. In addition, we regularly conduct environmental due diligence processes at our locations.	**Principle 7** 4 ff., 8 f., 13 ff., 26 ff., 37 ff., 45 ff.

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Principle 8 Initiatives for promoting 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. The data in this report reflects the structure of the Group in 2018 and includes all the relevant production plants of which the Daimler Group is a majority shareholder as well as the German and other European sales locations, which encompass logistics, service and sales. It does not include the locations of Daimler Financial Services. The environmental data for 2018 refer to a total of 72 production locations and subordinate sites as well as 36 logistics, service and sales locations.	**Principle 8** **4 ff., 8 f., 13 ff., 26 ff., 37 ff., 45 ff.**
Principle 9 Development and diffusion of environmentally friendly technologies	The requirements regarding our vehicles' environmental compatibility are integral aspects of automobile development at Daimler and are discussed by the corresponding committees and implemented accordingly. The vehicle specifications and the quality gates in the development process document the environmental impact and requirements during the entire product development process. Our vehicles are developed to consume as little fuel as possible, and they often set the standard for low pollutant emissions in the automotive industry.	**Principle 9** **13 ff., 34 ff., 39 ff.**
Principle 10 Measures against corruption	We want to ensure that all Daimler employees worldwide always carry out their work in a manner that complies with applicable laws, regulations, voluntary commitments and our values, as set out in binding form in our Integrity Code. One of the main objectives of our prevention activities is to ensure that all applicable anticorruption regulations are complied with. Daimler has committed itself to fighting corruption in its own business activities. Along with complying with all applicable laws, this also involves adhering to the rules of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997) and the United Nations Convention against Corruption (2003). As a founding member of the UN Global Compact, Daimler also seeks to ensure that not only the company itself but also its business partners act in accordance with the principles of the compact. The most important goals here are to fight corruption around the world in order to enable fair competition, eliminate the damage corruption does to society, and thus improve conditions for everyone. Our anti-corruption compliance program is based on our comprehensive Compliance Management System. The program is globally valid and primarily consists of an integrated risk assessment process that takes into account internal information such as a unit's business model and external information such as the Corruption Perceptions Index from Transparency International, for example. Other program components include risk-based measures for avoiding corruption in all business activities (e.g. reviews of business partners and transactions) and measures to ensure that special care is taken in contacts with authorities and public officials. Our risk-minimization measures focus in particular on sales companies in high-risk countries and business relationships with distributors and general agencies worldwide.	**Principle 10** **76 f., 78-84**

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Consumption and CO_2 emissions

Vehicle	Power consumption (combined)	Hydrogen consumption (combined)	CO_2 emission (local)
EQC	22.2 kWh/100 km		0 g/km
smart EQ fortwo	20.1–12.9 kWh/100 km		0 g/km
smart EQ fortwo cabrio	20.2–13.0 kWh/100 km		0 g/km
smart EQ forfour	20.8–13.4 kWh/100 km		0 g/km
GLC F-Cell	13.7 kWh/100 km	0.34 kg/100 km	0 g/km

Information on labeling

The values are determined on the basis of the measured CO_2 emissions, taking into account the mass of the vehicle.

The values quoted for fuel consumption and CO_2 emissions were calculated on the basis of the stipulated measuring procedures (Section 2, Nos. 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. The figures vary, depending on the wheels/tires used.

Further information on official fuel consumption figures and the official specific CO_2 emissions can be found in the EU guide “Information on the fuel consumption, CO_2 emissions and electric power consumption of new cars,” which is available free of charge at all sales dealerships and from Deutsche Automobil Treuhand GmbH at http://www.dat.de.

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You can find additional information on sustainability at Daimler at www.daimler.com/sustainability