

Daimler

360



Facts on Sustainability

<http://sustainability.daimler.com>

2010

 01 The key figures of business year 2009

Economy	Unit	2007	2008	2009
Revenue	in € million	101,569	98,469	78,924
Operating profit / EBIT	in € million	8,710	2,730	-1,513
Result before taxes on income	in € million	9,181	2,795	-2,298
Group net income	in € million	3,985	1,414	-2,644
Research and development expenditure	in € million	4,148	4,442	4,181
Total vehicle sales	in millions	2.1	2.1	1.6
Unit sales of Mercedes-Benz Cars		1,293,184	1,273,013	1,093,905
Unit sales of Daimler Trucks		467,667	472,074	259,328
Unit sales of Mercedes-Benz Vans		289,073	287,198	165,576
Unit sales of Daimler Buses		39,049	40,591	32,482
Contract volume of Daimler Financial Services	in € billion	59.1	63.4	58.3
Environmental protection, safety, and innovation	Unit	2007	2008	2009
CO ₂ emissions (total)	in 1,000 t	3,739	3,611	3,037
CO ₂ emissions (total) per vehicle produced (Mercedes-Benz Cars)	in kg/vehicle	1,665	1,540	1,833
CO ₂ emissions (total) per vehicle produced (Daimler Trucks)	in kg/vehicle	2,431	2,400	3,530
Emissions of solvents (total)	in t	7,381	6,356	4,275
Emissions of solvents per vehicle produced (Mercedes-Benz Cars)	in kg/vehicle	1.3	1.1	1.1
Emissions of solvents per vehicle produced (Daimler Trucks)	in kg/vehicle	8.2	6.8	8.6
Waste per vehicle produced (Mercedes-Benz Cars)	in kg/vehicle	127	121	136
Waste per vehicle produced (Daimler Trucks)	in kg/vehicle	352	379	410
Waste for disposal per vehicle produced (Mercedes-Benz Cars)	in kg/vehicle	12.2	8.2	5.4
Waste for disposal per vehicle produced (Daimler Trucks)	in kg/vehicle	120.6	108.5	137.6
Water consumption (total)	in million m ³	16.2	15.4	12.0
Water consumption per vehicle produced (Mercedes-Benz Cars)	in m ³	6.2	5.8	6.0
Water consumption per vehicle produced (Daimler Trucks)	in m ³	13.1	12.2	18.1
Current expenditures on environmental protection	in € million	435	483	373
CO ₂ automobile emissions in Europe	in g CO ₂ /km	178	173	160
Employees, customers, and society	Unit	2007	2008	2009
Number of employees (worldwide)		272,382	273,216	256,407
Number of trainees (worldwide)		9,300	9,603	9,151
Average age	in years	40.9	41.1	41.4
Personnel expenses	in € billion	16.0	15.1	14.1
Average days of training and professional development per employee	in days	4.0	4.4	2.4
Costs for training and advanced professional development	in € million	213.0	272.7	206.8
Proportion of women	in percent	12.0	12.2	12.4
Proportion of women in senior management positions worldwide	in percent	10.6	11.2	11.7
Workforce turnover (worldwide, for Germany, U.S.)	in years	7.1	6.5	9.7
Proportion of part-time employees	in percent	5.2	6.1	6.4
Accident frequency ¹	in cases	15.3	15.5	13.5
Sickness figures	in percent	4.5	4.5	4.4
Provisions for retirement benefits and health care	in € billion	3.9	4.1	4.1
Expenses for donations and sponsorships	in € million	--	41.46	26.41

¹ Cases per 1 million hours of attendance examined by an accident insurance consultant and resulting in at least one lost working day, with reference to employees in production or in production-related areas.

We have collated **all of the data and key figures contained in this report** in a PDF which can be downloaded online. To directly access this information, simply enter the number **001** in the search field of the interactive online report.

 <http://sustainability.daimler.com>

Dear readers,

The year 2009 was an unusual one – for the global economy, for the automotive industry, and for Daimler. In the present situation, every company's commitment to sustainability is being put to the test. The economic challenges are huge, but that doesn't lessen our environmental and social obligations. To put it a little dramatically, it's only in difficult times that we can see how serious a company really is about the issue of sustainability.

We at Daimler believe that we have passed this litmus test. In 2009 we not only laid the foundation for our company's continued profitable growth, but also pushed ahead with the development of environmentally friendly drive systems without slackening our pace. We reduced the average CO₂ emissions of our passenger cars by 13 grams last year. And as far as environmentally friendly trucks and buses are concerned, Daimler was once again the global leader in 2009. We also made great progress in the field of hybrid technology in 2009. Our new S 400 HYBRID is the world's cleanest luxury sedan with a gasoline engine, and our light-duty Fuso Canter Eco Hybrid was one of the world's best-selling hybrid trucks.

In 2009 we also increased our efforts to promote fully electric and locally emission-free driving. At the end of last year we began series production of a battery-powered smart and a fuel cell B-Class. Even though the number of units produced to date is still modest, these vehicles demonstrate that no other automaker is better positioned than Daimler across the entire spectrum of environmentally friendly drive systems. And we're doing everything possible to make sure things stay this way. In spite of the downturn of the global economy, our 2009 expenditures on research and development remained at the high level of previous years. We are convinced that these investments are worthwhile. For example, we will launch the mass production of the electric smart as early as 2012.

At the same time, we haven't lost sight of our social responsibility. We've made adjustments at Daimler in line with the drastic slowdown of the markets, but we've also largely safeguarded jobs at the Group. We've restructured our worldwide production processes, but we've safeguarded jobs in Germany over the long term. And although it was appropriate to strictly limit our expenditures from an economic point of view, we have promptly come to the aid of people around the world – in Haiti, for instance – who are suffering in the wake of natural disasters or other problems and need immediate assistance. These are only a few examples, but they illustrate the fact that at Daimler our commitment to finding the right balance between economic, ecological, and social concerns does not depend on economic developments. This fact has also been recognized by others. For example, in the ratings conducted by oekom research, Daimler once again received the status of "Prime Investment" and considerably improved its overall score. Plus, our share was listed for the fifth time in a row in the Dow Jones Sustainability Index.

In this report you'll find many more examples of how sustainability is being rigorously embedded in our attitudes and actions within the Group. We explicitly affirm our commitment to the "Global Compact" of the United Nations – and we have implemented the principles it formulates as binding internal guidelines within the Group. We are ensuring that these guidelines are complied with throughout the entire company – consistently, comprehensively, and without any ifs or buts. But ultimately the well-known saying "The better is the enemy of the good" applies to our sustainability activities as well as to other areas. That's why we deliberately engage in dialogue – with policymakers, scientists and, of course and especially, representatives of NGOs. Our "Sustainability Dialogue," which we conducted in 2009 for the second time, is a good example of this.

As you can see, we are fully committed to leading the way when it comes to sustainability as well – and that's why we are standing by our principles even in difficult times. Our commitment to sustainable business operations is crisis-proof.



Dr. Dieter Zetsche

CEO of Daimler AG/Head of Mercedes-Benz Cars

Dr. Thomas Weber

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

Editorial

Dr. Dieter Zetsche

Dr. Thomas Weber

Daimler

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You can read this **sustainability report** in both printed and online form and thus benefit from the advantages of each medium. This printed report contains a concise presentation of the most important facts and figures on the topic of sustainability. At the website, you will find our interactive online report, which offers many supplements in addition to the content of the printed report. These include:

- A compilation of key figures and specific vehicle data in the form of graphics, timelines, and tables.
- Additional background information.
- The exhaustive and thematically linked GRI Index.
- An effective search function and additional help with orientation, including an interactive table of contents, a glossary, and an overview of the graphics.

You can also see which topics have additional information online in the margin of this printed report. Simply enter the cross-reference number found here at <http://sustainability.daimler.com> in the searchfield function and you will instantly find the information you require.

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01 The company

How do we intend to shape the future of the automobile? By continuing to be what we are: passionate inventors. In our quest to make groundbreaking technologies a reality, we have always relied on our innovative power and pioneer spirit. This is why we succeed in giving our customers what they want: the very best. Today the concept of sustainable mobility characterizes the way we think and act. And that in itself will help to ensure that we continue setting the pace in the automotive industry.





1.0 The company

Daimler can look back on a tradition covering almost 125 years, a tradition which extends back to Gottlieb Daimler and Carl Benz, the inventors of the automobile, and features pioneering achievements in automotive engineering. Today, the Daimler Group is a globally leading vehicle manufacturer with an unparalleled range of premium automobiles, trucks, vans and buses. The product portfolio is completed by a range of tailored automotive services. Through a subsidiary, Daimler holds a 22.5 percent equity interest in the European Aeronautic Defence and Space Company (EADS), a leading company in the aerospace and defense industries. In economic terms, Daimler owns a 15 percent stake in EADS, because a consortium of national and international investors owns a onethird interest in the subsidiary that holds the EADS shares. Daimler also holds a 28.4 percent equity interest in Tognum AG, one of the world's leading producers of off-highway engines.

At the end of 2009, Daimler employed a total workforce of more than 256,000 people worldwide.

2.0 Values and strategy

Tradition and passion. We invented the automobile – now we are passionately shaping its future. As a pioneer of automotive engineering, we feel inspired and obliged to continue this proud tradition with groundbreaking technologies and high-quality products. Our philosophy is clear: We give of our best for customers who expect the best – and we live a culture of excellence that is based on shared values. Our corporate history is full of innovations and pioneering achievements; they are the foundation and ongoing stimulus for our claim to leadership in the automotive industry. The principle of sustainable mobility underlies all of our thoughts and actions. Our goal is to successfully meet the demands of future mobility. And in doing so, we intend to create lasting value – for our shareholders, customers and workforce, and for society in general.

Target system and corporate values. Our overriding corporate goal is to achieve sustainable profitable growth and thus to increase the value of the Group. We intend to be among the world's leading automotive companies. The Daimler target system consists of six strategic dimensions. It provides a strategic framework and defines in which dimensions we want to play a leading role. 

Four strategic focus areas for action. In order to achieve our strategic targets, we have laid down four

strategic focus areas for action in the coming years within the framework of the Daimler target system. The global financial and economic crisis has not changed our fundamental strategic focus, but has confirmed its validity:

- Operational excellence and a culture of high performance.
- Expansion of core business in traditional market segments and utilization of new opportunities on a regional basis.
- Further development of innovative and customer-oriented services and technologies.
- Development and implementation of new business activities in related areas.

2.1 Sustainability as an integral part of our corporate strategy. To ensure the success of our company and its future, captivate our customers by offering sustainable products, and reinforce society's acceptance of our business activities, we have committed ourselves to realizing the "vision of sustainability." This vision encompasses the dimensions of sustainability: "the economy," "innovation, environmental protection, and safety," as well as "employees, customers, and society." It is being implemented – with the help of systematic sustainability management – on the basis of effective, closely coordinated strategies and initiatives.

Economic sustainability. Profitable growth and long-term business success will ensure that we remain committed to sustainable development.

- Corporate strategy: We are the automotive industry's pacesetter in terms of technology, and we strive to provide our customers with impressive, fascinating products. Our goal and our passion is to shape the future of safe, environmentally compatible mobility – by acting responsibly and providing attractive vehicles, innovative technologies, and pioneering mobility concepts. This is our approach when it comes to achieving sustainable growth.
- Corporate management: Business success is sustainable only if it is achieved by legal means and based on a solid ethical foundation. With this in mind, we act in strict compliance with principles and codes that are required by law, as well as those to which we voluntarily commit ourselves. With clear corporate governance and extensive compliance monitoring, we also require and promote responsible behavior on the part of all employees and managers. In addition, Daimler expects its suppliers to act in an ethically correct manner.

Economic sustainability. Environmental protection, innovation, and safety are the biggest challenges to our company's commitment to sustainability.



More about the target system:
[Annual Report 2009, p. 63](#)



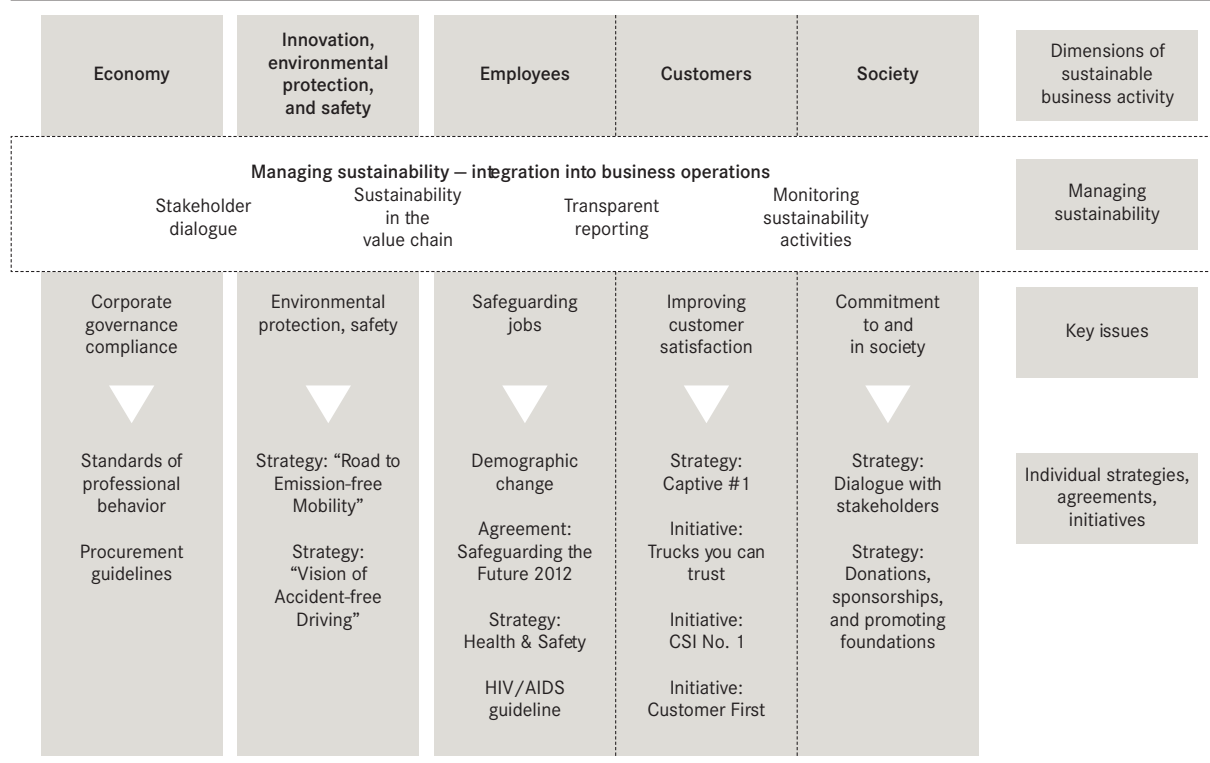
For further information, please enter the corresponding number into the search field at

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02 The Daimler Group (as of December 31, 2009)

Brands	Mercedes-Benz, smart, Maybach, Freightliner, Mitsubishi Fuso, Western Star, Thomas Built Buses, Orion, Setra, Detroit Diesel, Mercedes-Benz Bank, Mercedes-Benz Financial, Daimler Trucks Financial
Legal form	Stock company (AG) incorporated under the laws of the Federal Republic of Germany
Board of Management	Dr. Dieter Zetsche (Chairman of the Board of Management and Head of Mercedes-Benz Cars), Wilfried Porth (Human Resources and Labor Relations Director), Andreas Renschler (Head of Daimler Trucks), Bodo Uebber (Finance & Controlling/Daimler Financial Services), Dr. Thomas Weber (Group Research & Mercedes-Benz Cars Development, Chairman of the Daimler Sustainability Board)
Supervisory Board	Comprising ten shareholders' representatives and ten employees' representatives. The Supervisory Board monitors and advises the Board of Management concerning its management of the company.
Headquarters	Stuttgart, Germany
Employees	256,407
Trainees	9,151
Market capitalization	€ 38.1 billion
Total assets	€ 128.8 billion
Global stock	The Daimler share is listed on the stock exchanges in Frankfurt, New York, and Stuttgart.

03 Sustainability is an integral part of our corporate strategy



- Sustainable mobility: Innovations are the key to the efficient use of resources and the most environmentally sound mobility that can be achieved. We are just as committed to protecting the climate and the environment as we are to building safe vehicles and promoting accident prevention. Efficient drive technologies and innovative safety systems are the pillars of our approach to providing sustainable mobility. Our customers – and all other road users – can depend on that.
- Products: Our passenger cars and commercial vehicles are among the very best in their respective market segments when it comes to environmental friendliness and safety. As we explore new mobility concepts, we are extending our focus beyond the vehicle itself and testing environmentally compatible approaches to urban mobility. Here, all of our efforts are combined in our strategy for sustainable mobility – “the Road to Emission-free Mobility.” ➔ A

Our many safety innovations show that we are working hard to improve the safety level offered by our vehicles and underscore our position as a safety pioneer. Daimler regards its commitment to enhancing road safety as a responsibility toward society – in the interest of all road users. This is why we are consistently pursuing our “Vision of Accident-free Driving.” ➔ B

- Production: At Daimler, environmental protection in production means that we plan every stage of manufacturing to provide optimal environmental protection. This is possible thanks to highly developed production and process engineering. In this way, we can reduce direct and indirect CO₂ emissions, lower emissions of solvents, improve resource efficiency, and prevent or minimize waste.

A sustainable society. We are committed to acting in the best interests of our employees, our customers, and the people who live and work near our locations. Daimler thus views itself as an active member of society.

- Employees: Motivated, highly trained employees are the basis of our success. In difficult economic times, such as the period we are now experiencing, we therefore consider it an important priority to retain this highly motivated and qualified workforce. We train potential employees and promote our employees’ career development. We are also investing in occupational health and safety, promoting the diversity of our workforce, and addressing the challenge of demographic change. With these measures we aim to present Daimler as an attractive employer – and ensure that employee satisfaction remains undiminished or is further improved.

- Customers: Customer satisfaction is a key corporate goal at Daimler. Our efforts in this area apply to all the products, services, and financial services of our Group. To this end we have set ambitious targets, which we are striving to achieve by means of comprehensive initiatives and projects in our customer loyalty programs. ➔ C
- Society: We have a heightened awareness of the obligations that grow out of our company’s worldwide activities. By conducting a dialogue with stakeholders that focuses on strategically important corporate issues, we can build and strengthen relationships with our stakeholders that are based on mutual trust. ➔ D As an active member of society, we want to take a targeted approach to creating value for society. Our work in the areas of donations, sponsoring, and the promotion of foundations follows clear strategic parameters. The main focuses here are on helping people in need of assistance; promoting understanding between cultures; supporting educational, scientific, and cultural activities; and sponsoring charitable and sports-related projects. ➔ E

2.2 Our standards of professional behavior. As a globally operating company, Daimler is subject to legal systems that often differ greatly from one region to the next. In order to help our employees orient themselves in this complex legal environment, we have formulated a set of standards of professional behavior. These serve as a binding definition of correct behavior in everyday business operations. These standards comprise the relevant laws as well as additional internal guidelines. Every individual employee is obligated to ensure that his or her daily behavior on the job complies with the Daimler professional standards.

Daimler established its Integrity Code, a set of guidelines for professional behavior, as early as 1999. The guidelines are based on our corporate values of Integrity, Passion, Respect, and Discipline, and apply to all of our employees. In 2003 we supplemented the Integrity Code with our Principles of Social Responsibility and our Code of Ethics. Additionally introduced corporate policies and corporate guidelines translate the principles of the Integrity Code into concrete rules of behavior. In 2008 the Board of Management approved the House of Policies, a new system of guideline management that brings together all of the Group-wide guidelines and makes it even easier to comply with the different sets of regulations. This will be possible because all of the guidelines will also be available in a central database on the Intranet.

Human rights. Daimler is committed to human rights and wherever possible actively supports efforts to ensure that such rights are upheld. To improve the inter-



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countries are
home to Daimler
production
capacity

nal systems that help implement appropriate measures in this area, Daimler conducted an extensive review (with benchmarks and discussions with experts) in preparation for the Sustainability Dialogue 2009. This served as the basis of discussions with stakeholders concerning the status achieved so far and further measures to be taken. Reference systems here – with internal derivations in the Integrity Code, CSR Principles, company agreements, or the supplier guidelines – are the UN's Universal Declaration of Human Rights, the ILO's International Labour Standards, the OECD Guidelines for Multinational Enterprises, and the human rights principles of the UN Global Compact. As an automaker, we are particularly interested in employee rights, such as freedom of association, the right to organize labor unions, the right to wage negotiations, and equal opportunities, as well as the condemnation of forced labor and the abolition of exploitive child labor.  F

At Daimler we employ various instruments to ensure respect for human rights. These include the services of the Business Practices Offices (including the option of anonymously filing a report on perceived unethical behavior) and joint action by the Group and the World Employee Committee to investigate cases involving possible improper behavior, for example in the supplier chain.

Nevertheless, dilemmas do sometimes arise when requirements at the national level are inadequate with respect to the international reference systems, or conflict with them. We resolve such matters on a case-by-case basis – particularly in cooperation with the authorized institutions – and in keeping with the reference framework. Daimler has set itself the goal of further developing activities and instruments that ensure compliance with human rights standards by the end of 2010. The underlying idea for the process discussed with the stakeholders is to integrate human rights as an important module in Daimler's current processes for dialogue, communication, and monitoring. This can result in the use of a wealth of synergy effects – for example in the integration of human rights aspects in online training focusing on the Integrity Code or additional training modules for managers in high-risk countries where Daimler has a presence. In addition, Daimler will urge the stakeholders to address human rights issues in committees where we play a role, in order to promote joint initiatives by the industry.

3.0 Product portfolio and production locations

Daimler is active in nearly all the countries in the world, with strong brands and a comprehensive portfolio of vehicles ranging from small cars to heavy trucks, complemented by services along the automotive value

chain. The Group has production facilities in a total of 18 countries and more than 7,000 sales centers worldwide.  G  H

Mercedes-Benz Cars. The products supplied by the Mercedes-Benz Cars division range from the high-quality small cars of the smart brand to the premium automobiles of the Mercedes-Benz brand and to the Maybach luxury sedans. Most of these vehicles are produced in Germany, but the division also has production facilities in the United States, France, South Africa, Brazil, China, India, Vietnam and Indonesia. Worldwide, Mercedes-Benz Cars has 17 production sites at present. In order to extend our model range in the compact-car segment, we have started construction of a new plant in Hungary, which is scheduled to go into operation in 2012. The most important markets for Mercedes-Benz Cars in 2009 were Germany with 27 percent of unit sales, the other markets of Western Europe (30 percent), the United States (19 percent), China (6 percent) and Japan (2 percent).

Daimler Trucks. As the biggest globally active manufacturer of trucks above 6 tons gross vehicle weight, Daimler Trucks develops and produces vehicles in a global network under the brands Mercedes-Benz, Freightliner, Western Star and Fuso. The division's 33 production facilities are in the NAFTA region (16, thereof 13 in the United States and 3 in Mexico), Europe (7), South America (1), Asia (8) and Africa (1). In the context of repositioning our North American truck business, we ceased production of the Sterling brand in March 2009 and closed the plant in St. Thomas, Canada. In February 2009, we opened a new plant in Saltillo, Mexico, where up to 30,000 heavy-duty trucks will roll off the assembly lines each year for the markets of the United States, Canada and Mexico. Daimler Trucks' product range includes light, medium and heavy-duty trucks of the Freightliner brand for local and long-distance deliveries and construction sites, as well as special vehicles for municipal applications. Due to close links in terms of production technology, the division's product range also includes the buses of the Thomas Built Buses and Fuso brands. Its most important sales markets in 2009 were Asia (with 33 percent of unit sales), the NAFTA region (24 percent), Western Europe (17 percent) and Latin America excluding Mexico (14 percent).

Mercedes-Benz Vans. The Mercedes-Benz Vans division has production facilities at a total of 7 locations in Germany, Spain, the United States, Argentina and Vietnam for the Vito/Viano, Sprinter and Vario van series in weight classes from 1.9 to 7.5 metric tons. The most important markets for vans are in Europe, with 84 percent of unit sales. The Sprinter is sold in the United States and Canada under the Freightliner brand, and since the beginning of 2010 also under the Mercedes-Benz brand.



More about our strategy for sustainable mobility:

[p. 26 ff.](#)



More about our safety innovations:

[p. 33 ff.](#)



More about customer management:

[p. 64 ff.](#)



More about the stakeholder dialogue:

[p. 22 ff.](#)



More about donations, sponsoring, and promoting foundations:

[p. 67 ff.](#)



More information:

[Online 101](#)



More about our locations worldwide:

[Online 102](#)



More about our portfolio changes:

[Annual Report 2009, p. 67](#)



For further information, please enter the corresponding number into the search field at

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Daimler Buses. The Daimler Buses division with its brands Mercedes-Benz, Setra and Orion is the world’s leading manufacturer of buses and coaches above 8 tons. The product range supplied by Daimler Buses comprises city and intercity buses, coaches and chassis. The most important of the 15 production sites are in Germany, Turkey, Latin America, France, Spain and the NAFTA region. In 2009, 50 percent of the division’s revenue was generated in Western Europe, 16 percent in the NAFTA markets and 16 percent in Latin America (excluding Mexico).

Daimler Financial Services. The Daimler Financial Services division supports the sales of the Daimler Group’s automotive brands in almost 40 countries. Its product portfolio mainly comprises tailored financing and leasing packages for customers and dealers, but it also provides services such as insurance, fleet management, investment products and credit cards. The main areas of the division’s activities are Western Europe and North America. In 2009, more than 40 percent of the vehicles sold by Daimler were financed by Daimler Financial Services. Its contract volume of €58.3 billion covers 2.4 million vehicles. Daimler Financial Services also holds a 45 percent interest in the Toll Collect consortium, which operates an electronic roadcharging system for trucks over 12 metric tons on highways in Germany.

4.0 The procurement organization

Corporate Procurement Services. Daimler’s procurement organization consists of three purchasing units: Procurement Mercedes-Benz Cars and Vans; Procurement Daimler Trucks and Buses; and International Procurement Services, which is responsible for the purchase of non-production materials. Together they make up the Corporate Procurement Services department, which reports to the Board member in charge of Finances & Controlling. Around 2,000 employees at more than 50 locations worldwide work in the area of procurement.

Our philosophy of cooperation with suppliers is based on clearly defined mutual expectations and obligations. We understand that in order to achieve our goals we need to work with reliable partners who share our view of sustainable cooperation. Our expectations regarding ecological and social issues are formulated in our sustainability guidelines for suppliers. ➔ A

Cooperation in difficult times. The earnings situation at many automotive supplier firms deteriorated sharply in 2009. We take our responsibilities here seriously. Within the framework of our supplier risk management system, we have therefore established processes

04 Production locations

Continent	Number of locations
Europe	27
North America including Mexico (NAFTA)	21
South and Central America	3
Africa	2
Asia	12
Australia/Oceania	0

05 Sustainability rating agencies and indexes

	2007/2008	2008/2009
Rating agencies		
Sustainable Asset Management	positive rating	positive rating
Vigeo	positive rating	positive rating
Sustainalytics	positive rating	positive rating
oekom research	Prime Investment status (score of C+)	Prime Investment status (score of B-)
Imug/EIRIS	positive rating	positive rating
Indexes		
Dow Jones Sustainability Index World	listed	listed
Dow Jones Sustainability Index Stoxx	not listed	not listed
ASPI Index	listed	listed
FTSE4Good Index	due to EADS shares not listed	

aimed at identifying suppliers that are encountering financial difficulties. If a supplier is in difficulty, Daimler either implements support measures on its own or determines if it should act in concert with other automakers. Even in difficult economic periods like these, our suppliers are still required to act sustainably in terms of work conditions, environmental standards, and business ethics.

5.0 The business year 2009

Daimler sold 1.6 million vehicles in a very difficult environment in 2009. This was significantly lower than the prior-year number of 2.1 million. Revenue decreased by 20 percent to €78.9 billion. Our operating result (EBIT) improved as the year progressed and was positive in the third and fourth quarters. But due to the high losses in the first half of 2009, full-year EBIT was negative at minus €1.5 billion and the Group recorded a net loss for the year of €2.6 billion. The main reasons for the very weak development of business and profitability in the first half of the year were the severe impact on automotive markets of the global financial and economic crisis.

We reacted to this situation quickly and effectively: By taking additional measures to reduce costs as a supplement to the efficiency-enhancing programs already in place, we saved €5.3 billion. At the same time, we pushed forward with the development of new products and expanded in new sales markets. We were therefore able to start the year 2010 with confidence. Daimler has strong brands, exciting products, the right technologies and a sound financial basis – the best preconditions for us to successfully meet the challenges ahead. → B

5.1 Broad shareholder base. Daimler continues to have a broad shareholder base of approximately 1.2 million shareholders. In March 2009, an indirect subsidiary of Aabar Investments PJSC (Aabar), Abu Dhabi, purchased 96.4 million newly issued shares in the context of a capital increase, and thus acquired a 9.1 percent equity interest in Daimler. Aabar and its parent company, International Petroleum Investment Company (IPIC), are investors with a long-term orientation and pursue a strategy of acquiring interests in companies with leading positions in their market segments. In addition to providing an inflow of new equity capital of €1.95 billion, Aabar's entry will help us to strengthen our activities in the Middle East within the framework of a strategic cooperation. The Kuwait Investment Authority continues to be a stable Daimler shareholder with an equity interest of 6.9 percent.

In total, institutional investors held 63 percent of our shares and retail investors held 21 percent on the balance sheet date. Approximately 67 percent of our equity

was in the hands of European investors and approximately 17 percent was held by US investors. → C

5.2 The Daimler share in sustainability indexes. Our efforts to organize our strategy and operations in accordance with the principle of sustainability were also honored in business year 2009 in external evaluations of our performance. For example, in the ratings conducted by oekom research, Daimler once again received the status of "Prime Investment," this time considerably improving its overall score to B- (on a scale of A+ to D-). In addition, Daimler's stock was included for the fifth time in the Dow Jones Sustainability Index (DJSI), one of the world's leading indexes of its kind. Compared to the previous year's result, we achieved a significant 13 percent increase of our total points in the DJSI, putting the Daimler share only two percent behind the industry's leader. With this performance we fell just short of being included in the Europe rankings of the Dow Jones STOXX Sustainability Index (DJSI STOXX). Daimler ranks closely behind BMW, Volkswagen, and Fiat in the DJSI STOXX. We are not represented in the FTSE4Good Index on account of our shares in EADS. However, it should be noted that Daimler received favorable marks for its commitment to sustainability from the analysts at the French sustainability rating agencies Vigeo and Sustainalytics.

Daimler is committed to intensifying its sustainability-related efforts and aims to continue improving its position in all relevant ratings and rankings.



See section on supplier relations management p. 21 ff.



More about business development: [Annual Report 2009, p. 58](#)



More about our shareholder base: [Annual Report 2009, p. 54](#)



For further information, please enter the corresponding number into the search field at <http://sustainability.daimler.com>



About 1.2 million

shareholders worldwide form a broad foundation



Daimler Hauptversammlung.

02 Managing sustainability

How are we achieving our sustainability objectives over the long term? By embedding them in our systems of management. This results in concrete sustainability activities that we implement at all our units and on all strategic and operational levels. The positive added value thus generated for society and the environment also benefits our company by boosting its economic success.



Annual Meeting.

1.0 Sustainability management at Daimler

Our central management committee for sustainability is the Sustainability Board, which was established in 2008 on the basis of a Board of Management resolution. Here we have effectively combined all the management processes that are relevant to sustainability. This committee, which is directly responsible to the CEO, coordinates significant sustainability measures throughout the Group and supports the operating units with their implementation. The Sustainability Board is headed by a member of the Board of Management.

After the board was successfully established under Rüdiger Grube, who was a member of the Board of Management at the time, Dr. Thomas Weber became chairman of the committee in May 2009. On behalf of the Sustainability Board, Dr. Weber, the member of the Daimler AG Board of Management responsible for Group Research & Mercedes-Benz Cars Development, formulated the goal of becoming one of the industry's best companies in terms of sustainability. To this end, the board and the supporting office were restructured in order to further optimize the integration of relevant corporate units, established bodies, and important decision-makers from all the divisions.  06

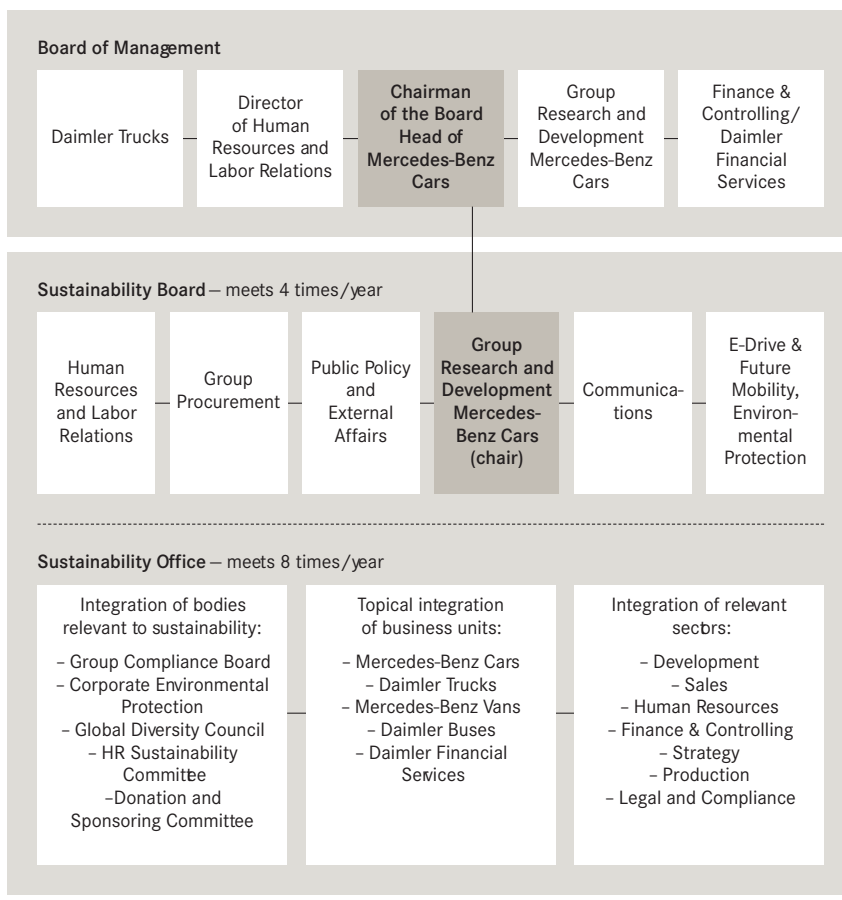
The Sustainability Board analyzes and evaluates Daimler's sustainability activities, prepares decision memoranda on behalf of Board of Management Chairman Dr. Dieter Zetsche, and supports the Board of Management by working with the Sustainability Office to provide second opinions. In addition, the board is responsible for and coordinates the annual Sustainability Dialogue event.  A

Various focus areas from the previous year were further developed by the Sustainability Board, and targets and measures were derived from them. These focus areas include Climate Protection (CO₂ reduction), Sustainability in Procurement, Responsibility for Employees (e.g. securing jobs), Compliance, Stakeholder Dialogue, and Community Relations. It remains one of the board's main tasks to dovetail and coordinate the centralized, Group-wide commitment with that of the business units (and/or their brands).  B

2.0 Responsible corporate management

Responsible and continually improving corporate management is needed in order to exploit commercial development potential and minimize business risks. Such management includes smoothly functioning organs and efficient tools for guidance and control. These include

06 Sustainability governance structure



our corporate governance structure, standards of professional behavior, compliance processes, and our risk management.

2.1 Corporate governance. Because our corporate headquarters are in Germany, the formal structure of our corporate governance has been defined for us by German law. We also need to comply with additional requirements because we are listed on the New York Stock Exchange. The powers of the three corporate organs – the General Meeting, the Board of Management, and the Supervisory Board – are defined by German stock corporation law. The decisive factor in the law is the dual management system, which calls for a strict separation between the management organ (the Board of Management) and the supervisory organ (the Supervisory Board).     

2.2 Compliance. We maintain a compliance culture that demands and promotes ethical behavior, and we are continually developing this culture. For Daimler, compliance means that all our activities must adhere to all relevant laws, regulations, and rules, as well as the applicable internal guidelines. As one of the first signers of the UN Global Compact, our company is committed to upholding the ten principles of this initiative – including playing an active role in the fight against corruption.     

Since 1999, Daimler has had a Code of Conduct centered on the corporate value of integrity and applicable to all employees worldwide. In order to ensure that the vital importance of compliance is even more firmly integrated in all business processes, we established the Group Compliance Board. As the highest committee dealing with compliance, it is under the direct supervision of the Board of Management and reflects its structure. Since 2006, an independent external consultant has been supporting and advising the Supervisory Board and the Board of Management regarding compliance issues. The Chief Compliance Officer reports directly to the CEO and regularly informs the Audit Committee of the Supervisory Board.

On the basis of a systematic risk analysis, the corporate unit Corporate Compliance Operations defines the anti-corruption program and handles its implementation. At its business locations worldwide, Daimler has 90 Compliance Managers who serve the needs of more than 150 companies and units. They help management at these locations to ensure adherence to anti-corruption regulations and regularly report on the status and progress of the compliance programs in their operating units. The local Compliance Managers are specifically trained, and we ensure their independence by means of a corresponding agreement with the local management teams and through the direct line of reporting to the Legal & Compliance unit.

We have also established standardized control systems in 71 sales companies and business units. These systems help to ensure behavior that is in keeping with the highest legal and ethical standards.

The Compliance Consultation Desk has to respond to questions concerning corruption prevention. In addition, the most frequently asked questions and answers compiled from years of compliance consultation are available in structured form in an online database. Employees or external partners can report suspected misconduct to the Business Practices Office, any time and worldwide. Confidentiality is guaranteed, and reports can be submitted anonymously. The protection of persons who submit reports is assured.

More than 100,000 employees took part in the web-based Code of Conduct training program, which all white-collar employees worldwide have had to complete since 2009. And in 2009 over 33,000 employees from units and companies that conduct sales activities took a mandatory online training course in corruption prevention. This training course takes place every two years. In addition, more than 130 classroom training courses with over 4,400 participants took place worldwide in 2009.  

2.3 Risk management system. There are many risks that are inextricably linked with business activities conducted at the global level, and our internationally operating divisions are exposed to these risks. For the early detection, evaluation, and consistent management of existing risks, we use management and control instruments that are combined into a uniform, Group-wide risk management system that meets the applicable legal requirements. The main risk categories are economic risks, sector-specific risks (including environmental and social risks), and financial market risks.  

2.4 Dialogue with political decision-makers. In line with a Board of Management decision made in 2006, Public Policy and External Affairs in Stuttgart is the coordination center for all dialogue with political decision-makers. Daimler's interests are represented – in compliance with legal regulations and our Guidelines for Responsible Lobbying – by offices dedicated to this purpose in Berlin, Brussels, Moscow, Beijing, Tokyo, and Washington, and in more than 30 other offices representing the company in key markets. Through these offices, the Group is able to engage in cohesive communication with politicians. Acting in the interests of the company and its shareholders in an ethically correct manner is the most important guiding principle of these efforts.

Our dialogue with politicians is focused on areas including environmental, transportation-related, and economic policies (competition, questions related to interna-



More about the Sustainability Dialogue:
[p. 22](#)



Measures relating to the focus areas:
see the following chapter



More about the rights and duties of the Board of Management and the Supervisory Board, as well as Daimler AG corporate governance:
[Annual Report 2009, p. 61](#)



More about the data protection guidelines:
[Online 201](#)



Information on our compliance with competition law:
[Online 202](#)
[Annual Report 2009, pp. 103, 85](#)



More about compliance and sustainability:
[Online 203](#)



More about risk management:
[Online 204](#)



For further information, please enter the corresponding number into the search field at
<http://sustainability.daimler.com>

tional trade and investment, protection of intellectual property). Also addressed are questions concerning the implementation of technical innovations, vehicle safety, and support for business development.  

2.5 Principles regarding donations and sponsorship. We believe that entrepreneurship and social responsibility should go together wherever we conduct business. We want to bring about significant benefits to society and continuously make our commitment known. This is why we establish priorities for our donations and sponsorship, while contributing our know-how and experience as an internationally operating automobile manufacturer.  

We do what is needed to ensure maximum transparency when providing funding and donations. The basis of these activities is a corporate guideline for donations and sponsoring. Since 2007, all of our activities Group-wide in the areas of donations and sponsorship have been registered in a database. The Board of Management's Donations and Sponsorship Committee coordinates the Group's activities and promotes its strategic approach to donations and sponsoring activities. The committee evaluates and makes decisions concerning all major sponsoring projects and planned donations.

In 2009 Daimler spent €26.41 million to support non-profit organizations and socially beneficial projects (this refers only to project funding). What's more, starting in 2008, instead of offering gifts at vehicle presentations, Daimler donated the money it usually spends on such presents (total €55,680) to nonprofit organizations. The donation for 2009 was given to education projects for SOS Children's Villages in Italy, Spain, and Germany.

When it comes to making contributions to political parties, Daimler maintains strict compliance with legislation and with the Group's internal guideline on political contributions, which was introduced in 2006. This guideline stipulates that donations to parties are permitted only when expressly authorized by the Board of Management. In 2009, Daimler donated to parties only in Germany, with the aim of promoting democratic structures. As in 2008, authorized donations totaled €425,000. From this total, the CDU and SPD parties each received €150,000, the FDP received €45,000, and the CSU and BÜNDNIS 90/DIE GRÜNEN each received €40,000.

3.0 Environmental management system

Production-related environmental management.

The certification of all our locations in line with the international standard ISO 14001 and the additional validation of our German sites by the EU's Eco-Management

and Audit Scheme (EMAS) are important elements of our environmental management system. The efficacy of our system is regularly audited by internal and external experts. Today more than 98 percent of our worldwide workforce is employed in production facilities with certified environmental management systems. In order to even more closely integrate environmental protection tasks into the processes at the respective units, we are merging the management systems for quality, environmental protection, and health & safety into a single system.

In addition, we are using our process for evaluating the environmental risks connected with our production facilities to apply uniform standards worldwide in order to identify environmental risks, reduce them, and thus refine our preventive measures for environmental protection. This involves regular and systematic monitoring and assessment of the location's environmental management system as well as all the key areas of environmental protection, such as atmospheric emissions, wastewater, waste management, the handling of hazardous materials, and contamination of soil and groundwater. The elimination of any identified risks to the environment is one of the goals agreed on by the Board of Management and the plant managers.

Environmental protection in product development.

Vehicle development is a standardized process in which the vehicle final specifications and the quality gates (milestones in the development process) form the basic cornerstones. Environmental protection issues and requirements (fuel consumption, emissions, prohibited or prescribed materials, Life Cycle Assessments, and recycling requirements) are integral parts of the specification book and are taken into account and managed throughout the entire product creation process within the framework of the quality gates. Mercedes-Benz Cars fully complies with the requirement that environmental aspects be included in the product development process in line with the international environmental standard ISO TR 14062 and the expanded criteria of TÜV Management Service GmbH. It also fulfills all of the requirements of ISO 14001 and EMAS concerning the product-related part of the environmental management system.

3.1 Organization of Group-wide environmental management.

We have developed clear structures, processes, and areas of responsibility in order to pursue our environmental targets and make specific improvements.    

On behalf of the Board of Management of Daimler AG, the Board member responsible for Group Research and Mercedes-Benz Cars Development is also charged with the company's environmental protection activities. In addition, the following functions or organizational units



More about the dialogue with politicians:

[Online 205](#)



More about our social commitment and the focuses of our donations and sponsoring:

[p. 67 ff.](#)



Detailed version of the Environmental Guidelines:

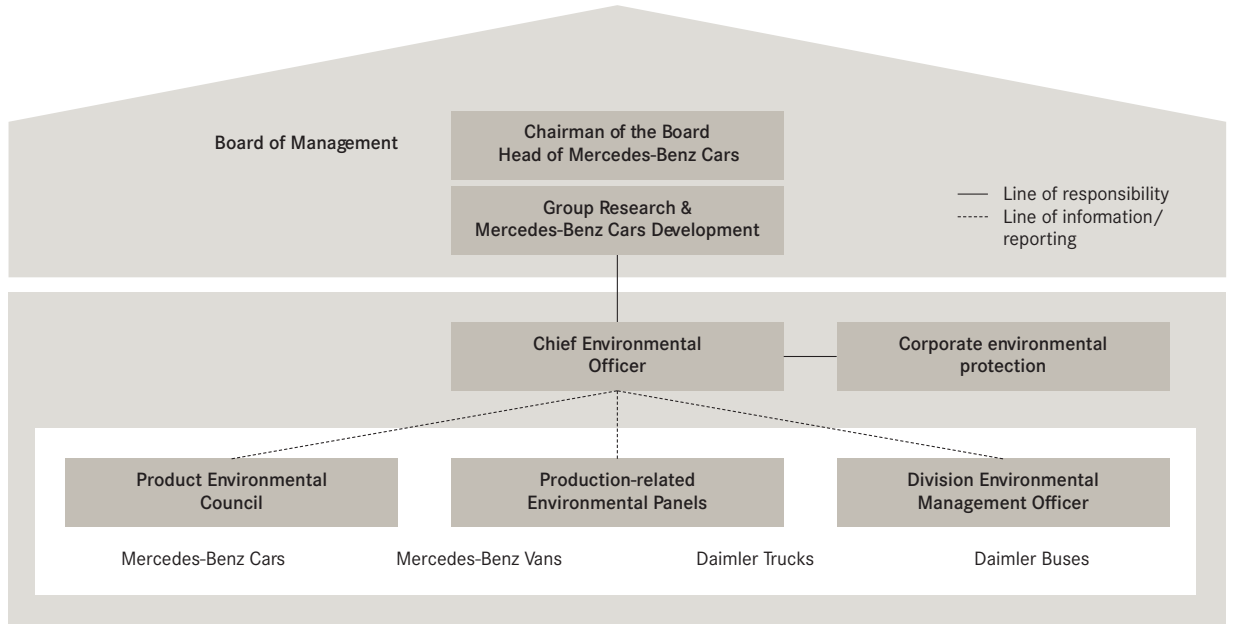
[Online 206](#)



For further information, please enter the corresponding number into the search field at

<http://sustainability.daimler.com>

07 Corporate organization — environmental protection



08 The Group's environmental guidelines

We address the environmental challenges of the future.

We strive to develop products which are highly responsible to the environment in their respective market segments.

We plan all stages of manufacturing to provide optimal environmental protection.

We offer our customers ecologically oriented service and information.

We endeavor to achieve exemplary environmental performance worldwide.

We provide our employees and the public with comprehensive information on environmental protection.

handle the central management of our environmental protection activities, as well as the cross-unit networking and communication of these activities:

- A Chief Environmental Officer has been appointed to coordinate environmental management throughout the Group. He has also been commissioned by the Board of Management to oversee the central environmental management system and to advise the Board on environmental issues.
- The Corporate Environmental Protection unit coordinates the operational requirements of Group-wide environmental management, including the analysis and implementation of legal requirements, defining and refining environmental standards, ensuring regular reporting on environmental issues, and risk management connected with environmental protection.
- The Product Environmental Council analyzes product-related environmental issues, sets targets, coordinates cross-unit environmental protection tasks, and initiates overarching environmental protection projects. The council consists of the environmental officers for products as well as representatives of the Corporate Strategy, Public Policy and External Affairs, and Communications functions.
- Production-related environmental protection issues are dealt with by various regionally oriented committees that are coordinated by the Corporate Environmental Protection unit in cooperation with the Chief Environmental Officer.

Environmental education. Progress with the company's environmental protection activities is possible only if all employees contribute to the effort. This is why we organize training programs for employees and managers that focus on the practical application of environmental protection in the company, and on questions concerning responsibility in this area. We also train our auditors, who monitor the environmental management systems of our plants, and the supplier auditors. Also provided are refresher courses that offer participants opportunities to learn from one another.

Environmental Leadership Award. Since 2000, Daimler has been organizing a Group-wide competition for the Environmental Leadership Award (ELA), which is presented in recognition of employees who are especially committed to environmental protection within the Group. In 2009 the Daimler Environmental Leadership Award competition took place for the seventh time, and the award was presented in early 2010.  **A**

ment member responsible for Human Resources. The approximately 6,700 employees in these departments worldwide are responsible for all functions and processes related to our employees. The Board of Management member responsible for Human Resources, who is also the Group's Labor Relations Director, is responsible for the human resources operations within the Group.

Daimler pursues a global human resources strategy that is in line with its corporate goals. It is based on five pillars: profitability, a competitive workforce, future-oriented managerial expertise, high attractiveness as an employer, and professional organization. The Human Resources organization is divided into three key areas:

- Group functions, which are responsible for human resources strategy, policy, and guidelines throughout the Group.
- Divisional resources functions that are responsible for personnel work in the divisions and business locations as well as for the implementation of human resources strategy.
- Service centers, which provide human resources services at the regional level.

The highest decision-making body in the Human Resources organization is the Human Resources Executive Committee. It consists of the heads of the corporate, divisional, and service functions within the Human Resources organization, and is headed by the Board of Management member responsible for Human Resources.

Sustainability is a key objective of the activities for operational excellence and is therefore strategically integrated into the human resources work. This structure ensures systematic and comprehensive integration into the business processes. Implementation is assured by the cascading of the strategic targets through the annual target agreement process.

The Human Resources Sustainability Committee, in which all of the corporate functions related to human resources are represented, ensures the comprehensive management, implementation, and reporting of sustainability issues in the Human Resources organization. This committee is headed by the Director of Human Resources and Labor Policy, who represents the area of human resources at the Group level as a member of the Corporate Sustainability Board.

The "Global Human Resources Scorecard" is an important management tool used by Daimler in this area. It is, in turn, an integral part of the strategic scorecard of the Group as a whole. Through the success factors and their performance measurement criteria (currently 12) – known as the key performance indicators (KPIs) – it is possible to compile global key figures concerning



More about the ELA:

[Online 207](#)



Further information on variable remuneration, leadership competencies, and NAVI:

[Online 208](#)



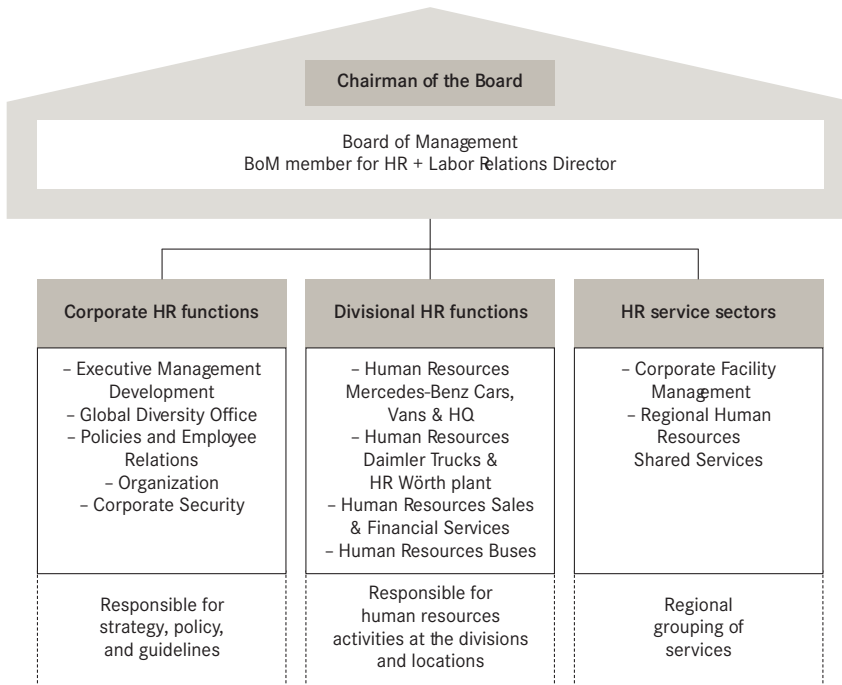
For further information, please enter the corresponding number into the search field at

<http://sustainability.daimler.com>

4.0 Human resources management

4.1 Organization and management. Daimler's human resources departments report to the Board of Manage-

09 HR management scheme – integrated HR functions



10 Global Human Resources Scorecard – success factors and key performance indicators (KPIs)

Profitability	Competitive workforce	Management competence	Employer attractiveness	Professional HR activities
Labor costs	Attendance	Employee satisfaction		HR customer satisfaction
Hourly labor costs	Reduction in sicknessrate	Management/employee commitment index		HR customer satisfaction index
Versatility	Demographic structure	Management potential	Employer image	HR services & instruments
Employee and working time versatility	Age structure	Potential-bearers Management qualification index	Employer ranking	Global HR process implementation rate
	Qualification	Diversity	Fluctuation	
	Employee qualification index	Number of women in management functions	Fluctuation rate	

human resources in a targeted manner. This makes it possible to measure the success of human resources processes and strategies. The Global Human Resources Scorecard provides targeted support for the business strategies and processes in the divisions and creates the foundation for a continual mutual learning process within the Group through best practices.

4.2 Principles of human resources management.

Our manager development process is carried out in strict accordance with a uniform process at all levels of the company worldwide: the Leadership Evaluation and Development Process, or LEAD for short. The corporate values Passion, Respect, Integrity, and Discipline are the frame of reference for management and the basis of our management evaluation and development processes. As part of the LEAD process, selected specialized employees are evaluated to determine their potential for entering the lowest level of management.

In addition to their fixed remuneration, all managers also receive variable earnings, with the exact amount depending on the Group's success and the individual's performance. The measure of individual performance here is the degree to which he or she has achieved the targets agreed on at the annual meeting. On principle, Daimler expects all of its managers to orient their activities toward sustainability. This element is also considered when evaluating their managerial activities.

For employees in technical and administrative functions who are covered by a collective bargaining agreement – a category covering some 50 percent of the Group's employees – Daimler uses a separate procedure known as the NAVI management process to set agreed-upon goals and evaluate the extent to which these goals have been achieved. The name of this process refers to the navigation unit in a vehicle and stands for the precise determination of targets and performance for managers and employees at various times during the annual management process.  B

5.0 Supplier relations management

We employ a performance-oriented – as well as partner-based – approach in our dealings with suppliers. The framework for this cooperation is provided by the Daimler Supplier Network – the new supplier cooperation model introduced in March 2009. With this program we have set ourselves the goal of strengthening and expanding long-standing partnerships. In this effort we are emphasizing business relationships with reliable partners and clearly defined criteria for performance.

External Balanced Scorecard in procurement. The External Balanced Scorecard (EBSC) serves as an indi-

Results of the 2009 Sustainability Dialogue



On November 5, 2009, top Daimler managers met with roughly 80 persons representing the interests of business, politics, science, and civil

society for a discussion at the Mercedes-Benz Museum in Stuttgart as part of the second Sustainability Dialogue. On the agenda of the day-long workshop were selected sustainability issues and their solutions that had been identified as being of critical importance for our company at last year's event.

Attributes of "green" premium vehicles. The working group agreed that green product attributes must be viewed as complements of, rather than replacements for, the traditional product features that characterize the brand. Also identified as central challenges besides CO₂ reduction were resource efficiency and sustainable mobility concepts. Follow-up workshops will seek to identify the conditions under which mobility services can be economically successful.

CO₂ emissions. The workshop participants consider the Life Cycle Assessment (LCA) to be a comprehensive method that is preferable to an approach based solely on CO₂ footprints. In terms of e-mobility, the participants agreed that the electricity needed for battery-powered vehicles should come from renewable energy sources. The question of how Daimler can support this should be addressed in subsequent workshops.

Securing jobs in times of crisis. The participants took a critical view of the fact that the measures used by the company so far to protect jobs would not be sufficient to overcome structural changes in the automotive industry. The consensus was that social responsibility and business success are not mutually exclusive. The focus of the second half of the workshop – illustrated by means of an exemplar project from the Bremen plant – was the challenge

posed by demographic change and solutions to this problem from an operational perspective. Also addressed were topics including training and promoting career opportunities for young people at Daimler. The result was an agreement to strengthen cooperation with colleges and the German Labor Department.

Community relations. The workshop participants discussed issues including the celebration planned for 2011 to mark the 125th year of the automobile. They agreed that this occasion should be used to present to the public in particular sustainable mobility concepts and describe their likely impact on the development of urban areas and locations. The participants also discussed how forms of communication between municipalities, social institutions, and companies can be made more sustainable, with the aim of jointly realizing social and cultural projects.

Sustainability in the supplier chain. This working group brought together business partners of Daimler, non-governmental organizations (NGOs), and managers from Daimler AG's procurement organization. The group intensively discussed ways to jointly support and monitor compliance with sustainability standards in the supplier chain. Here, key issues were the cost of sustainable supplier management, the specific expectations that suppliers have of the company, and what the NGOs expect of the automotive industry. All the participants agreed that it is vital for all interest groups to work closely together and jointly take on responsibility in order to successfully manage sustainability in the supplier chain.

Human rights: Based on an extensive review of this area, the participants talked about tools for practical implementation and control (including the expansion of policies and training courses, integration into the compliance process, etc.). They also agreed, as a work agenda until 2010, to initiate a discussion about human rights with the trade associations and to call for a round table which could address aspects of human rights in specific countries.

cator that translates performance into measurable figures, thus enabling the employees at our procurement departments and our suppliers to make objective comparisons. The four value drivers of quality, costs, technology, and punctual delivery form the basis of the EBSC. In addition to these EBSC value drivers, we believe a good partnership is also based on values that make constructive relationships possible. Particularly good examples of such values are fairness, reliability, and trust.

Sustainability guidelines for suppliers. We are working together with our suppliers to implement the “Sustainability Guidelines for Suppliers.” These guidelines were developed on the basis of our corporate guidelines and international standards and principles, including the Global Compact of the United Nations and the International Labour Standards of the ILO. They have been communicated to all suppliers worldwide. These guidelines set standards for sustainable business operations and also explain what kind of behavior we expect from our suppliers with regard to social, environmental, and other ethical issues. They supplement existing regulations such as the Daimler Integrity Code, the Principles of Corporate Social Responsibility, and the Group’s Environmental Guidelines.

A supplier self-assessment questionnaire – the Sustainability Self-Assessment – was developed from the ground up in 2009, and a pilot version is currently being tested. By completing the questionnaire, suppliers provide us with information about their progress toward satisfying the requirements of sustainability and illustrate where action may still be required.   

6.0 Customer relations management

Our customers expect a great deal from us. That’s why the utmost customer satisfaction is the target we aim to reach with all of our Daimler brands and products. Our loyalty to our customers encompasses all the areas where we aim to exceed their expectations in terms of sales, service, and support services such as financing and insurance. Here we take into account the vehicle’s complete lifecycle, i.e. the entire period during which the vehicle is used.

We know that our customers have very different expectations, depending on the product – whether it’s a passenger car, truck, bus or van – and the associated services. In order to back up our promise to customers that appreciation is one of our guiding principles, all of our business units have developed customized strategies and programs that are tailored to meet regional and customer-specific demands. The implementation of these strategies and programs includes:

- a clearly structured and prioritized program of action that is based on practice-oriented descriptions of the processes at the point of sale;
- a specific training program for all of our employees who come into contact with customers, as well as customized consultations;
- measurable performance criteria – internal as well as external – and new success-oriented remuneration models that offer the right incentives to sales consultants and service employees.

In this way, the appreciation of our customers forms the basis of a strategy that sets our business operations apart and lays the groundwork for profitability and sustainable growth.

7.0 Management of the dialogue with stakeholders

Our business operations affect the interests of many people, beginning with our employees and including customers, shareholders, and even civic organizations. We value an open and constructive exchange of opinion with these stakeholders – regardless of whether the topic involved is controversial.

A critical factor for us in the identification and evaluation of our stakeholders is the question of whether, and to what extent, a specific group of people is affected by our activities. There are units and contact persons in the Group responsible for each of the main dialogue topics. They include Investor Relations, Corporate Environmental Protection, the Human Resources department, the purchasing organization, the Public Policy and External Affairs unit, and Communications.  

Sustainability Dialogue. The annual “Daimler Sustainability Dialogue” was established in 2008 to complement the institutionalized forms of dialogue. As a central discussion event that takes place in Stuttgart, it brings together the regularly convening and subject-specific working groups. This dialogue forum, which is focused on sustainability, brings representatives from politics and civil society, non-governmental organizations, and science together with management representatives from our company. The expressed aim is to intensify the exchange with critical interest groups in particular and learn from one another – with the aim of finding practical solutions together. Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG, made this clear at the event in Stuttgart on November 5, 2009, saying, “This dialogue is important for determining where we are as a company – and also as an impetus for corrective actions.” In line with this sentiment, the Sustainability Dialogue, which is coordinated by our Sustainability Board and Sustainability Office, will be continued in 2010.  



More about our requirements regarding our suppliers, as well as our complete guidelines for suppliers:

[Online 209](#)



More about global procurement: [p. 12 f.](#)



Our goals in the area of stakeholder dialogue: [p. 71](#)



A selection of key member organizations and interest groups can be found at:

[Online 210](#)



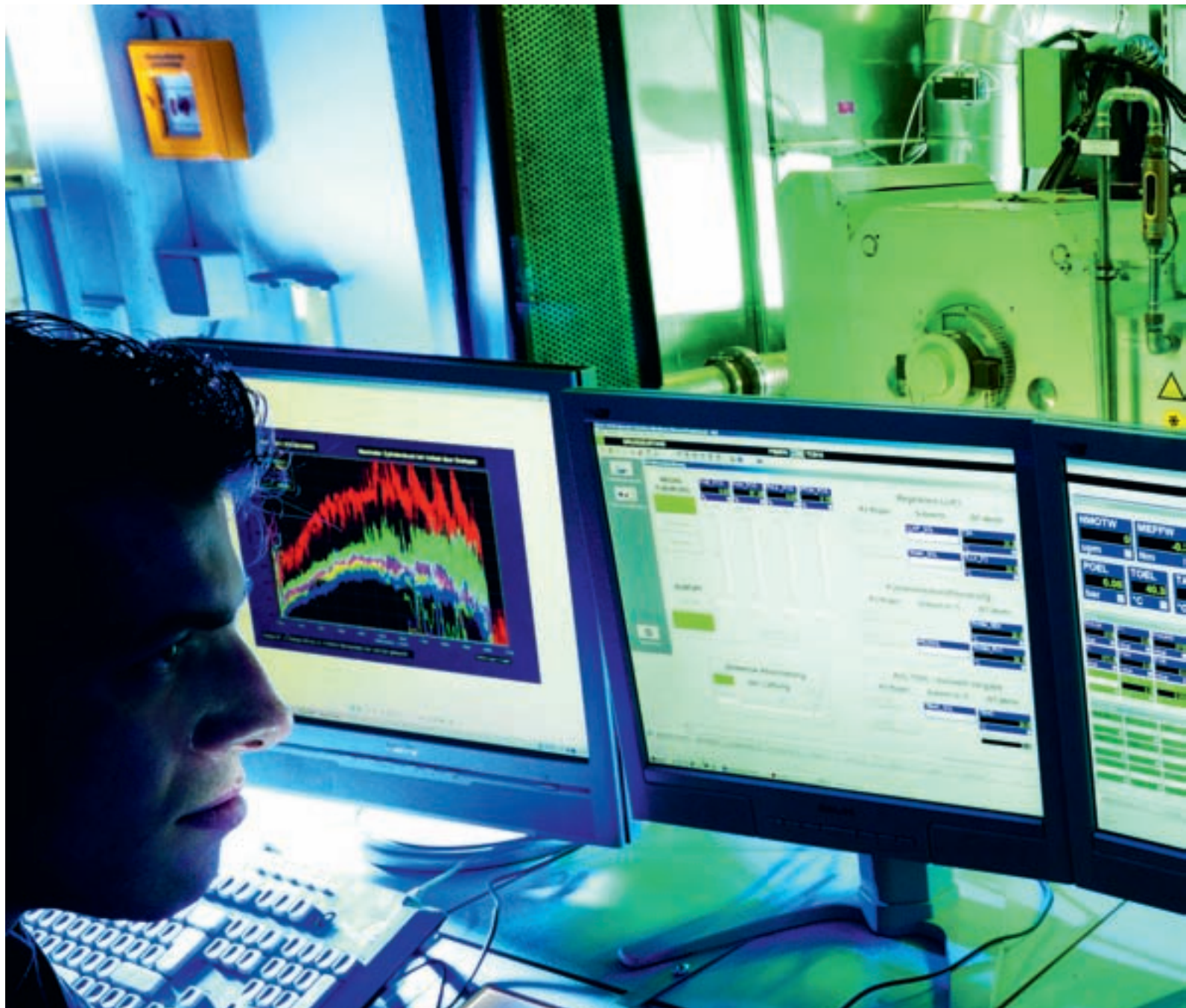
For further information, please enter the corresponding number into the search field at

<http://sustainability.daimler.com>



About 80

people took part
in the 2009
Sustainability
Dialogue



03 Environmental protection, innovation, and safety

Why is sustainable mobility so important to us? Because environmental protection, innovation, and safety are the key challenges our company is facing. To meet these challenges, we aim to use resources efficiently, cut emissions, reduce noise, and improve active and passive road safety. Our customers are already reaping the fruits of our efforts – and will benefit even more in the future.



1.0 Environmental protection in the product lifecycle

To safeguard our company's future, our key aim is to shape sustainable mobility. With climate researchers warning that the temperature of the earth's atmosphere will continue to rise, many countries, especially in Europe, are calling for a reduction of carbon dioxide emissions. As a globally operating automobile manufacturer, we have a special responsibility in this regard, which is why we aim to steadily improve the environmental compatibility of our products and activities. To this end, we focus on the environmental impact of our products over their entire lifecycle, from development and production to service, use, and recycling.  A

The following chapters review the individual stages of the product lifecycle and describe the measures we employ at each stage to conserve resources and minimize pollutant emissions.  11

2.0 Innovation, development, and safety

In our research and development departments worldwide, about 18,800 employees are working to not only reduce emissions and energy consumption during the production, use, and recycling of our products, but also to optimize our vehicles' safety features. In particular, we are focusing on further reducing the CO₂ emissions of our products. Our efforts are focused on two areas: vehicles and powertrains on the one hand (core activities), and infrastructure and fuels on the other (support activities).

2.1 Sustainable mobility strategy – the „Road to Emission-free Mobility.“ The mobility needs of our society are becoming more varied and individual – while the role played by mobility on the whole is becoming more and more important. This is why we believe there isn't any one best technological way of achieving sustainable mobility. Instead, we are meeting the wide range of requirements by offering correspondingly diverse, customized solutions. The Group's aim is to develop automobiles that are increasingly economical and more and more environmentally friendly – without sacrificing safety and comfort. This approach allows the individual technologies to unfold their benefits in terms of consumption and emissions values in a wide spectrum of applications.  B

Our strategy for the future of mobility encompasses three focal areas:

- Optimization of our vehicles with advanced internal combustion engines.

- Further efficiency gains through hybridization.
- Emission-free driving with electric vehicles powered by the battery and the fuel cell.  12

We are expanding this multi-brand strategy through the use of clean alternative fuels; the development of new mobility concepts (car2go, Bus Rapid Transit); and our activities in new, pioneering areas of business, including the development, production, and sale of lithium-ion batteries.  C

Optimization of vehicles with advanced internal combustion engines. In the BlueEFFICIENCY package we combine intelligent measures and technologies that further reduce the fuel consumption of our vehicles. These measures are optimally aligned with one another and adjusted to the individual usage profiles of the various vehicle models, making overall fuel savings of up to 30 percent possible. The BlueEFFICIENCY measures are as follows: powertrains with optimized consumption, the ECO start-stop function, an intelligent generator management system, tires with low rolling resistance, and the ECO power steering pump. By the end of 2009, a total of 62 BlueEFFICIENCY models (Mercedes-Benz passenger cars and vans¹) were available on the market, and in 2010 the fleet will grow to include 95 vehicles. The package will become available for the Viano and the Vito starting in the fall of 2010.  D

Advanced combustion engines are an important component of the BlueEFFICIENCY vehicles. In 2009 we launched production of the new four-cylinder gasoline engines with direct injection. The main feature of the new CGI (stratified charged gasoline injection) engines is their use of homogenous direct injection. Via a high-pressure line, the fuel arrives at the injectors, which lead directly into the combustion chamber, at pressures of up to 140 bars. The exact quantity of fuel needed for a particular driving situation is sprayed into the cylinders, where it is almost completely burned. Fuel consumption and pollutant emissions are considerably reduced as a result. The new four-cylinder direct injection engines in the E-Class use up to 18 percent less fuel than the predecessor model, with otherwise comparable engine specifications.

Another excellent example is the fourth generation of the common-rail direct-injection system, which in 2008 became available in the four-cylinder OM 651 diesel engine in a number of Mercedes-Benz production series. It can adapt fuel injection even more precisely to the current load and engine speed situation, which in turn helps to cut emissions, fuel consumption, and combustion noise. With this efficient engine, the new E-Class consumes up to 23 percent less fuel than its predecessor. The new diesel engine meets the requirements of the Euro 5 standard. What's more, it does so for all the Sprinter's power and weight variants as well.



More about climate protection and cutting CO₂ emissions:

[Online 301](#)



Our mobility scenarios:

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More about the new mobility concepts car2go and Bus Rapid Transit:

[Online 303](#)



More about BlueEFFICIENCY:

[Online 304](#)



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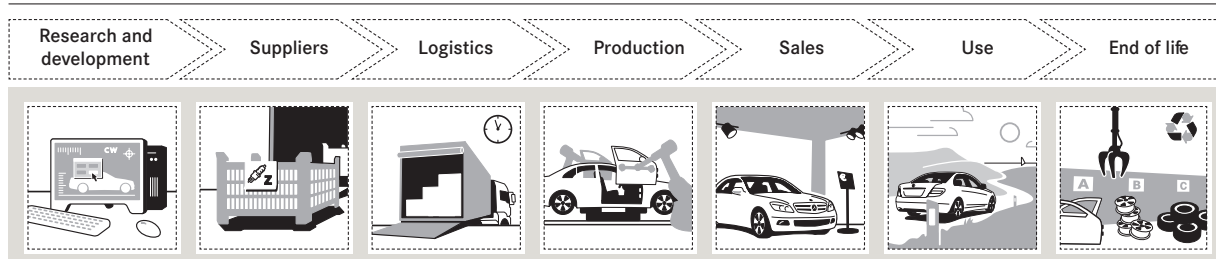


Up to 30%

savings in consumption possible thanks to BlueEFFICIENCY

¹ The Mercedes-Benz vans (Viano, Vito, and Sprinter, including the passenger car variants) are available in various weight and bodywork variants. These variants have not been individually counted in the figures quoted.

11 Product lifecycle



12 Daimler's road map to sustainable mobility

Drive technologies		
Optimization of vehicles with advanced internal combustion engines	Further efficiency gains through hybridization	Emission-free driving with electric vehicles powered by the battery and the fuel cell
Energy		
Clean fuels for internal combustion engines: synthetic fuels, biofuels, natural gas	Energy sources for emission-free driving: electricity, hydrogen	

13 Drive technologies from Daimler

Percentage share	Vehicles with gasoline engine	Vehicles with diesel engine	Vehicles with natural gas drive ¹	Vehicles with hybrid drive ²	Vehicles with electric drive ³
Europe	36.7	63.3	0.4	0.2	x
NAFTA	69.1	30.9			
Japan	54.3	45.7			

¹ 0.4 percent of the vehicles produced for Europe in 2009 were manufactured as natural gas variants.

² With more than 4,000 commercial vehicles (including buses) with hybrid drive systems now in operation worldwide, Daimler is the market leader in this area.

³ Daimler operates the largest fleet of fuel cell vehicles (passenger cars, vans, and buses) of any manufacturer in the world. Since November 2009 we have been producing the smart electric drive for a batch of 1000 vehicles.

S 400 HYBRID – hybridization en route



With its enhanced six-cylinder gasoline engine, a permanent magnet electric motor, and a 120-volt lithium-ion battery, the S 400 HYBRID sets a new record: It is the world's most fuel-efficient luxury saloon with a petrol engine.

energy into electricity, which is stored in the lithium-ion battery.

The S 400 HYBRID switches between the boost, constant-power, and recovery modes on longer trips. Depending on the route profile, large quantities of recuperation energy are available, to reduce fuel consumption and emissions. Driving in purely electric mode is not possible with the S 400 HYBRID; however, the form of hybridization chosen is in fact highly suitable for a sedan whose use is not limited to cities. Another configuration of the hybrid system would have resulted in more weight, which would have increased fuel consumption, especially on the highway. Thanks to the high-voltage lithium-ion battery especially developed for automobiles, the S 400 HYBRID weighs only 75 kilograms (165 pounds) more than the similar gasoline-powered S 350. The high-tech sedan's values also speak for themselves: The S 400 HYBRID consumes 2 percent less fuel than a comparable model and emits only 186 grams of CO₂ per kilometer (299 grams CO₂ per mile).

The interplay of components saves fuel: The electric motor supports the combustion engine during the high-consumption acceleration phase (boost effect). It also serves as a starter motor, thus establishing the foundation for the model's automatic start-stop feature, which cuts off the engine at speeds below 15 km/h (9 mph) – for example, when the vehicle slows down at a red light. When the brake is released or the gas pedal engaged, the electric motor starts up the combustion engine once again in a manner hardly noticeable to the driver. During braking, the electric motor functions as a generator, converting the braking

Electric mobility: Farewell to emissions?



The recent focus on electric mobility, particularly since the auto shows in 2009, has given many people the impression that the age of electric vehicles has already begun. While it is true that electric vehicles

harbor tremendous CO₂-reduction potential and also boast low emissions and produce little noise, it will take some time before they can be produced on a large scale. This is mainly due to the fact that production costs for appropriate batteries and fuel cells are currently high, as well as the lack of a comprehensive network of battery recharging and hydrogen filling stations. In addition, emission-free mobility would require the widespread availability of energy produced from renewable sources.

Nonetheless, Daimler is already ushering in the future of electric mobility with the smart electric drive and the B-Class F-CELL. With the near-series Concept BlueZERO the company shows a modular drive concept for electric vehicles.

Using a single vehicle architecture as a basis, we have developed three models employing different drive-system configurations that can be applied in line with individual customer requirements and infrastructure conditions:

- the BlueZERO E-CELL with a battery-powered electric drive
- the BlueZERO F-CELL equipped with a fuel cell system,
- and the BlueZERO E-CELL PLUS, which uses an electric drive and also includes a combustion engine that serves as a generator (range extender).

Because the availability of high-performance lithium-ion batteries is a fundamental precondition for vehicle electrification, we are now working on the industrialization and standardization of this battery technology. In line with our holistic approach, we have also been looking at ways to dispose of and recycle the new batteries. As a result, in conjunction with our partners from the supplier and disposal industries, we have successfully developed innovative recycling concepts that enable the reutilization of valuable battery materials.

In recent decades, by further developing engines and optimizing transmissions and drive trains, we have reduced the fuel consumption of conventional diesel engines for commercial vehicles by more than one-third. In addition, the diesel technology known as BLUETEC increases efficiency and reduces pollutant emissions, thus cutting fuel consumption by 2 to 5 percent.  

NGT (Natural Gas Technology). The natural gas drive system is an alternative to conventional drives from both an economic and an ecological point of view. Besides containing less carbon than normal gasoline or diesel fuel, natural gas also produces less pollutant emissions during combustion. The disadvantages currently associated with natural gas vehicles are the need to store the required fuel in heavy pressurized tanks and the limited fuel infrastructure. This is why our NGT vehicles are equipped with a bivalent drive system that can run on either natural gas or premium-grade gasoline. The technology is presently available in the Mercedes-Benz B 180 NGT BlueEFFICIENCY.

Due to the limited range of the natural gas drive, its main area of application in commercial vehicles is city driving, where it offers a good alternative to diesel engines. The new Mercedes-Benz Sprinter NGT with a bivalent natural gas drive was introduced on the market in 2008. The Mercedes-Benz Citaro CNG is built as both a single and an articulated bus with a natural gas engine. At present, more than 900 Econic NGT vehicles throughout Europe are being used for municipal, delivery, and garbage collection services. Since 2000, Freightliner Custom Chassis Corporation (FCCC) has delivered 1,300 natural gas-powered vehicles based on the MT-45 walk-in van.

Model-specific hybrid modules. The combination of optimized combustion engines with customized hybrid modules makes it possible to further reduce fuel consumption and CO₂ emissions. The hybrid possibilities include various modules ranging from the start-stop function and boosting to energy recovery and all-electric driving. Especially in city driving, the combination of a high-tech combustion engine and an electric motor can generate fuel savings of up to 20 percent. When used along with efficiency-boosting BlueEFFICIENCY measures, even greater savings can be achieved. Vehicles with the start-stop feature have been available since 2007, and additional hybrid solutions have been on the market since the summer of 2009 in the S 400 HYBRID and the ML 450 HYBRID. We intend to launch at least one hybrid model per year in the future, including vehicles with diesel engines.

Yet another step forward in the development of hybrid drives is the Vision S 500 Plug-in HYBRID. Equipped with a plug-in battery that can be recharged at charging stations, the vehicle can be driven up to 30 kilometers (19 miles) solely on electric power. Before the series pro-

duction stage is reached, however, there is still work to be done on the design of the components. In addition, external recharging of the battery requires a sufficiently extensive infrastructure of charging stations.

Combinations of combustion engines and electric motors are also proving their worth in commercial vehicles. Depending on the specific applications and vehicle types, a combustion engine and an electric motor can be operated either individually (serial hybrid) or in tandem (parallel hybrid). Irrespective of the vehicle's size, trucks are equipped with a parallel hybrid drive, while urban buses rely on a serial system, such as the one used in the Citaro G BlueTEC Hybrid. Hybrid drive systems display their superior fuel efficiency most clearly in city traffic. But depending on the topography involved, hybrid systems can also reduce the fuel consumption of vehicles on short-range distribution and longdistance transportation. For the future, Daimler is therefore also considering testing hybrid operation in trucks for longdistance haulage and touring coaches.  

Emission-free driving with electric vehicles powered by the battery and the fuel cell. Hydrogen-powered fuel cell vehicles combine a long range with the aim of achieving emission-free mobility that conserves resources — especially if the hydrogen is produced from renewable sources. Inside a fuel cell, the chemical reaction between hydrogen and oxygen generates electrical energy, producing only water vapor as a byproduct in the process. At the same time, the vehicle-internal efficiency of fuel cell drives is around twice as high as that of today's combustion engines. The Mercedes-Benz B-Class F-CELL — the first fuel cell passenger car built under series production conditions — is rolling off the assembly line since the end of 2009. The vehicle with locally emission-free drive exhibits a NEDC (New European Driving Cycle) fuel consumption value equivalent to 3.3 liters of diesel per 100 kilometers (71 miles per gallon) and has a range of about 400 kilometers (249 miles). Its energy storage system is a high-performance lithium-ion battery with high-voltage technology. The first of the roughly 200 vehicles have already been delivered to customers in Europe and the U.S. The new Mercedes-Benz Citaro FuelCELL Hybrid city bus was introduced in June 2009. Production of a small batch of about 30 vehicles began in the fall of 2009, and the buses are to be gradually put into service in several cities throughout Europe beginning in 2010.

Series production of the first smart fortwo electric drive with a lithium-ion battery was launched in the fall of 2009. The vehicles will initially be delivered to selected customers for use within the framework of mobility projects in a number of major cities in Europe, the U.S., and Canada. In Berlin, the first smart electric drives were delivered to customers in December 2009. Starting in 2012 the vehicles will be produced in large



More about the reduction of pollutant emissions:

[p. 43](#)



Our modular concept for hybridization across all model series:

[Online 305](#)



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“The premium segment has always been the engine of innovation, and we want to be the driving force behind green automotive technologies as well.”

Interview with Prof. Dr. Herbert Kohler

Head of e-drive & Future Mobility,
Chief Environmental Officer, Daimler AG

Professor Kohler, Daimler is seeking to become the leader in green technology. Is that a realistic goal for a premium manufacturer?

Herbert Kohler: In my view, most definitely. Being the leader in green technology means taking on a leading role by developing systems that reduce fuel consumption and emissions. We then have to establish these systems on the market by incorporating them into our products as quickly as possible. The premium segment has always been the engine of innovation in the automotive industry – in the area of safety, for example, but also in terms of reducing pollutant emissions. We want to be the driving force behind green automotive technologies as well. That’s why we’ve established our Road to Emission-free Mobility strategy.

What have you achieved to date?

Kohler: Well, we’ve certainly launched some important environment-related innovations on the market – particularly over the last few years. For example, with our BLUETEC technology we were the first manufacturer to introduce a system in both passenger cars and commercial vehicles that has brought about a quantum leap in the reduction of nitrogen oxide emissions from diesel engines. Indeed, BLUETEC puts our diesel passenger cars on the same level as vehicles with gasoline engines when it comes to emissions. The S 400 HYBRID launched in 2009 is the world’s first hybrid passenger car featuring lithium-ion technology. It’s also the first-ever European hybrid and the world’s most efficient luxury sedan with a gasoline engine. We’re also the world market leader as far as hybrid buses are concerned.

Our development activities with lithium-ion batteries are supplemented by our work with fuel cells. Together they are already putting us in an extraordinarily good competitive position with regard to zero-emission vehicles, a position we will underscore by introducing the smart fortwo electric drive, the A-Class E-CELL, and the B-Class F-CELL, which is equipped with a fuel cell. Even with all these successes, we also know that more extensive development work is still required – particularly when it comes to CO₂-emission reductions – if we hope to meet our own expectations and objectives. Despite the difficult economic environment, we invested around €2.1 billion in environmental protection measures in 2009. This offers proof that we are determined to consistently pursue our strategic goals in this area even in difficult times.

If you look at the public discussions concerning the issue of future drive systems, you sometimes get the impression that the age of the combustion engine is coming to an end and the age of the electric drive is about to begin. Do you share this opinion?

Kohler: Definitely not when it’s expressed in that manner. I would describe the situation more in terms of increasing electrification of the drive train. This is being achieved through the use of different technical systems ranging from hybrid units to range extenders and purely electric vehicles. A broad-based movement toward electric mobility can be observed at the moment. After all, the environmental benefits, improved drive-train efficiency, zero local emissions, and CO₂-free vehicle operation all speak for themselves. There are also many promising approaches, which we strongly support, for producing the required electricity or hydrogen from renewable

sources. Such approaches will make it possible to create an almost completely CO₂-free chain that will extend from electricity/ hydrogen generation all the way to vehicle operation. This aspect and the technological advances we achieved with our research and advanced engineering work are what led us to forge ahead with the electrification of the drive train and to launch series development activities for electric vehicles. At the same time, we need to consider the fact that our customers rightly expect our electric vehicles to offer the quality that our conventional products deliver. That's why we're extensively testing electric vehicles close to the series production stage in pilot and field projects that will accelerate our progress in this area. The internal combustion engine has undergone nearly 125 years of development and refinement to achieve its current high level of reliability and, above all, cost optimization. Products in the premium segment in particular can only be successful on the market if they provide added value that customers actually notice. As our experience has shown, the same applies to green products. While we are firmly convinced that we can offer this type of added value for various electric vehicle applications, we also know that we won't be able to do so overnight. Objectives like the launch of the smart ed in 2012 with 10,000-plus units of production per year, or the German government's goal of having one million electric vehicles on the road by 2020, are very ambitious, on the one hand. On the other hand, they are feasible, especially if we quickly create the conditions in Germany that are needed to achieve them. At the same time, the figures I mentioned have to be viewed in relation to the actual number of vehicles on the road, which in Germany amounts to a little more than 40 million. When you look at it this way, you realize that combustion engines will remain the backbone of automotive mobility over the short and medium terms, even though a very significant proportion of them will definitely be used in combination with hybrid modules.

“We are firmly convinced that we can offer customers added value with our electric vehicles.”

What does that mean for your combustion engines?

Kohler: It means we will continue to consistently improve the fuel consumption of our combustion engines. Last year, we introduced enhanced four-cylinder gasoline and diesel engines whose fuel savings total as much as 20 percent, depending on the type of vehicle they're used in. This year we'll launch a new generation of V6 and V8 gasoline engines offering fuel savings of up to 25 percent. We will also successively launch new hybrid vehicles, including diesel hybrids, that reduce fuel consumption by a further 20 percent or so.

Daimler is currently developing two types of electric vehicles: those that run on batteries and those that operate with fuel

“Combustion engines will remain the backbone of automotive mobility over the short and medium terms, even though a significant proportion of them will be used in combination with hybrid modules.”

cells. Why the broad-based approach? Wouldn't it be more efficient to concentrate on one technology?

Kohler: Compared to combustion engines, both types have undergone only a short period of intense development. Each type offers its own specific benefits, but both also present challenges in terms of technology and, more particularly, in terms of costs. With this in mind, we currently believe that we need to pursue both developments in parallel. At the moment, battery-powered vehicles, for example, have a range of about 200 kilometers (124 miles), and charging times vary from several hours to 30 minutes for a quick charge. In addition, it only makes sense to use the current battery systems in vehicles of a certain size.

Fuel cells have none of these limitations. We can, for example, already achieve a range of 400 kilometers (249 miles) with the new generation of the B-Class F-CELL that we introduced in 2009. Moreover, the tank-filling time for that model is comparable to that of a conventional vehicle today. Our activities to date, and especially the extensive field tests we've conducted, have led to a situation where our fuel cell models (A-Class, Sprinter, Citaro bus) have now clocked a combined 4.5 million kilometers (2.8 million miles). The knowledge we've gained here shows us that hydrogen operation with fuel cells offers great technological and market potential. We recently developed our e-drive modular system in order to achieve efficiency gains despite the great variety of drive-system options — in other words, battery power, fuel cells, hybrids, and their use across the entire spectrum of passenger cars, vans, buses, and trucks. This system will allow us to use the same components in all of our electric vehicles.

With Concept BlueZERO, which is close to the series production stage, we employed a single vehicle architecture to create three models suitable for everyday use. Each was equipped with a different drive system configuration: a purely battery-electric drive system offering a range of up to 200 kilometers (124 miles); a fuel cell drive with a range of 400 kilometers (249 miles); and a range extender system that enables the vehicle to travel up to 600 kilometers (373 miles), 100 kilometers (62 miles) of which can be driven in electric mode.

quantities and marketed through the dealer network as part of the smart product lineup. The first vehicles from Mercedes-Benz that run solely on battery electric power – the A-Class E-CELL – will appear starting in 2010. The electric vehicle will make an important contribution to reducing CO₂ emissions in road traffic. It offers enormous potential when it comes to environmental friendliness, but is, however, not yet ready for series production. This stage will only be reached over the next few years, once production capacities reach a suitable level for a market launch and an extensive infrastructure of charging stations is established.

In addition to making technological progress with the powertrain, Daimler is also committed to testing fuels and – together with partners from government and business – creating a suitable infrastructure. The first vehicles of the smart electric drive, for example, are earmarked for the “e-mobility Berlin” project. Here, in cooperation with RWE and with support from the German federal government, Daimler is currently laying the foundation for locally emission-free driving based on battery electric drive systems. The project includes the establishment of charging stations that ensure automatic, effective communication between the electric vehicles and the power grid.

One of the most important vehicle-related innovations is the lithium-ion battery, which was especially developed for automotive applications. It offers several advantages over other types of battery, including very compact dimensions, a substantially better performance, shorter charging times, a long life, and a high level of reliability. To move forward with this very promising technology, in 2008 Daimler acquired an equity interest in Li-Tec Battery GmbH, a subsidiary of Evonik Industries AG. In addition, the joint venture Deutsche Accumotive GmbH & Co. KG was founded. Based in Kamen, Saxony, the company will develop, produce, and sell lithium-ion battery systems. This means Daimler will soon have production capacities for state-of-the-art lithium-ion batteries. As a result, it will then be possible to produce the batteries as needed for all automotive applications – from hybrid to electric vehicles, and for passenger cars and commercial vehicles.  

Computing well-to-wheel energy efficiency online.

Our OPTIRESOURCE online tool makes it possible to compute the energy efficiency of various drives, fuels, and energy sources, from the energy source to the driven wheel (“well-to-wheel”). The result shows the equivalent fuel consumption and the CO₂ emissions for the chosen combination in comparison with a gasoline-powered compact car.  

2.2 Fuels of the future: New fuels will replace fossil fuels. In addition to better drive technologies, improved fossil fuels and high-quality alternative fuels are also

greatly helping to optimize the environmental compatibility of the overall drive system. Our path to the fuel of the future will take us from clean conventional fuels and first- and second-generation biofuels to hydrogen and electricity produced from renewable sources. We are not only committed to testing new fuels in our vehicles; we are also collaborating with project partners in order to develop and establish a suitable infrastructure.  

Bioethanol and biodiesel are first-generation biofuels made from plants rich in oil or sugar and starch, and in some cases from animal fats. Due to the energy-intensive process required to produce them and the comparatively high share of fossil fuel energy it consumes, first-generation biofuels have only limited potential for CO₂ reduction. In its Biomass Action Plan for 2010, the European Union has called for biofuels to account for 5.75 percent of all fuels used in Europe. In 2009 the EU also specified in the Renewable Energy Directive that energy from renewable resources should account for at least 10 percent of all the energy used in the transportation sector by 2020.

The use of biogenic fuels containing up to 10 percent ethanol (E10) in Mercedes-Benz and smart models with gasoline engines represents the state of the art. To also enable diesel vehicles to further reduce the CO₂ emissions from their fuel, the admixture of biodiesel (fatty acid methyl ester, or FAME) was increased in Germany to 7 percent (B7) in 2009. Extensive fleet tests of new and older Mercedes-Benz and smart cars have demonstrated that B7 is suited for use in our models.

Further potential for increasing the admixture of biofuel would be possible through the use of high-quality hydrotreated vegetable oils (HVO). The HVOs are low in emissions and can be easily used as admixtures in any desired amount. Field tests in Mercedes-Benz trucks and buses have shown that the use of diesel fuel made from hydrotreated vegetable oils can reduce nitrogen oxide emissions by up to 15 percent. The fuel's CO₂ emissions are more than 60 percent lower than those of fossil fuels throughout the entire chain, from the plants' cultivation to use of the fuel in vehicles. A prerequisite for the use of HVOs, however, is sustainable cultivation of the biomass used.

Biomass-to-liquid (BTL) fuels. We have been committed for quite some time to the development of second-generation biofuels, including biomass-to-liquid (BTL) fuels, for example. These fuels can be manufactured from all types of biogenic replacement and waste materials, which means that their production does not compete with food and animal feed crop cultivation. Switching to synthetic fuels such as BTL would reduce particulate emissions by as much as 30 percent and cut emissions of carbon monoxide and hydrocarbons by up to 90 percent. With BTL fuels, as much as 90 percent of



Up to 30%

reduction in particulate emissions thanks to the use of BTL

CO₂ emissions can be prevented during cultivation, production, and use. BTL fuels can be used in all diesel passenger cars and commercial vehicles without any need for retrofitting.  

Hydrogen and electricity: the fuels of the future.

Electric vehicles with batteries and fuel cells offer CO₂-neutral mobility, as long as the electricity and hydrogen needed comes from renewable sources of energy. In addition, widespread use will require the creation of a suitable infrastructure of filling stations and charging points. These goals will not be achievable without cooperation between political decision-makers, the oil industry, the energy sector, and further potential investors. Daimler is playing an active role in these proceedings, for example by participating in cooperative projects such as the Clean Energy Partnership (CEP) in Europe. Since September 2009 the company has been active as a partner in the H2 Mobility initiative, which is studying possibilities for the creation of a sufficiently extensive infrastructure for the supply of hydrogen in Germany.

2.3 Environmentally responsible product development. A product's environmental impact is already largely defined during the early development phase. The earlier that environmentally compatible product development (Design for Environment, DfE) is integrated into the development process, the greater the benefits in terms of minimizing environmental impacts will be. Later corrections to product design are only possible at great cost and effort. This is why the continual improvement of the environmental compatibility of Daimler vehicles are already part of our development specifications.

Serving as a cross-divisional team, the Group's DfE experts are involved in all stages of the vehicle development process. Their job is to evaluate all new component and vehicle concepts as part of a comprehensive audit.

Methodology of a comprehensive audit. The extent to which a vehicle's environmental compatibility has been improved is ultimately defined by the amount by which vehicle emissions and resource consumption have been reduced during its entire lifecycle. Environmentally responsible product development begins with the selection of suitable raw materials and ends with recycling-friendly design and production processes. These make it possible to reuse or recycle used components at a later stage. Thanks to appropriate disassembly and recycling concepts, Daimler is now forced to dispose of fewer and fewer parts from end-of-life passenger cars and commercial vehicles. We closely examine more than 40,000 individual processes. The resulting analyses, calculations, and assessments are used to draw up a comprehensive ecological profile.  

Environmentally responsible car development. The requirements of an ecologically oriented product development process are specified in the ISO 14062 standard. In 2005 the Mercedes-Benz S-Class became the world's first automobile to receive a TÜV environmental certificate for fulfilling this standard. The environmental certificate has now also been granted to the C-Class, the C-Class station wagon, the updated A-Class and B-Class, the GLK, the new E-Class, and the S 400 HYBRID, thus confirming that these products were developed in line with high environmental standards and have made great progress compared to their predecessors and comparable models.  

2.4 Safety. Vehicle safety is one of our core areas of expertise and a key component of our product strategy. For more than 60 years, Daimler's developments have been leading the way when it comes to passive and active vehicle safety in passenger cars, trucks, vans, and buses. No other manufacturer worldwide invests more in the development of life-saving safety systems. Daimler regards its commitment to enhancing road safety as a responsibility toward society that is in the interest of all road users. We are therefore consistently pursuing our "Vision of Accident-free Driving" and gradually turning it into reality. These efforts also serve to support the European Union's goal to cut the number of road fatalities in half in the period between 2001 and 2010, despite the drastic increase in traffic volumes.

Daimler defines safety as a holistic goal that involves much more than meeting legal requirements and successfully completing standardized crash tests. Our integral safety concept encompasses all vehicle-related aspects and focuses on four phases:

1. Drive safely: Avoid danger, provide plenty of warning and assist.
2. In case of danger: Take preventive action with PRE-SAFE®.
3. In case of accident: Provide suitable protection for the situation in hand.
4. After an accident: Prevent a deterioration of the situation and offer fast assistance.

Drive safely: Avoid danger, provide plenty of warning and assist. Preventing accidents is the overriding goal of our safety philosophy. Active safety systems like ESP® and Brake Assist have already been making important contributions to enhanced road safety for years. The new fatigue-detection system ATTENTION ASSIST uses sensors to continuously monitor the driver's behavior behind the wheel, recognizing typical indicators of fatigue and giving the driver an appropriate warning. The DISTRONIC PLUS proximity control system uses radar to enable the driver to keep his or her car at a predefined distance from the vehicle up ahead. Depending on the specific situation, the cruise control can



More about electric drives:

[Online 306](#)



The well-to-wheel assessment of the energy efficiency of passenger vehicle drives:

[Online 307](#)



More about Daimler's fuel road map:

[Online 308](#)



More about second-generation biofuels:

[Online 309](#)



Information regarding the environmental profile of the Mercedes-Benz E-Class:

[Online 310](#)



Information on the Mercedes-Benz models with an environmental certificate:

[Online 311](#)



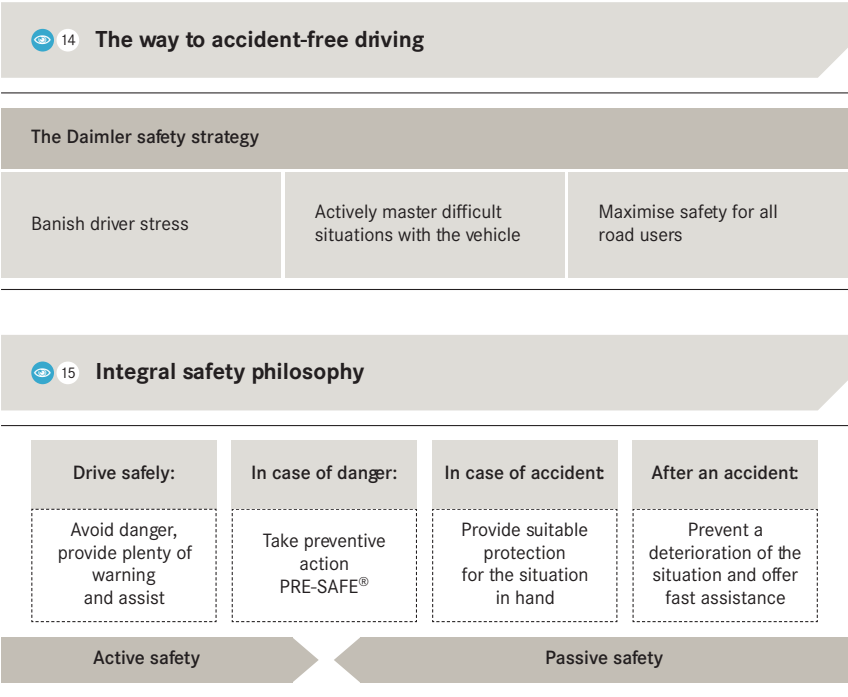
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brake the vehicle all the way down to a stop or accelerate to the desired speed when traffic begins moving again. In the truck, the Telligent® Lane Assistant (known just as Lane Assistant in buses) issues a warning when the truck is in danger of inadvertently leaving the lane it's traveling in. Tailgating is prevented in trucks by Telligent® Proximity Control and in buses by the proximity control system. The Telligent® Stability Control (known as ESP® in buses and as Adaptive ESP® in vans) prevents skidding within the limits imposed by physical laws. In buses, the continuous braking limiter prevents unintentional downhill acceleration.

In case of danger: Take preventive action with PRE-SAFE®. A major focus of our safety philosophy involves the interaction between active and passive safety systems. The PRE-SAFE® brake, for example, registers the distance from vehicles moving up ahead by means of radar. If a vehicle equipped with this brake approaches the vehicle in front too rapidly, the system warns the driver and calculates the needed braking power, which it immediately makes available when the brake pedal is depressed. If the driver fails to react to the warning despite the high accident risk that has been registered, the PRE-SAFE® brake can automatically initiate partial braking. In the new E-Class and S-Class vehicles, this safety system goes even one step further: If the driver still does not react after the partial braking maneuver, the PRE-SAFE® brake activates maximum braking power before an unavoidable collision, thus greatly reducing accident severity. A feature that is still unique in the commercial vehicle industry is the Active Brake Assist for emergency braking, which is offered for Mercedes-Benz trucks and has meanwhile also become available for touring coaches from the Mercedes-Benz and Setra brands. After issuing a series of increasingly intense warning signals, Active Brake Assist initiates an emergency braking maneuver if it determines there is a high risk of a head-to-tail collision. When the emergency braking maneuver has brought the vehicle to a full stop, the vehicle's hazard warning lights are automatically turned on. In conjunction with the Front Collision Guard (FCG) – the system that provides protection in the event of a frontal collision – this ensures an unprecedented level of safety for the driver tour guide.

In case of accident: Provide suitable protection for the situation in hand. During the development of new safety systems, Daimler is guided by its many years of experience as well as by the data generated over 40 years of in-depth accident research. Here, we focus on the concept of “real-life safety” – in other words, on the dangerous situations encountered in everyday road traffic. Daimler also carries out a large number of different crash tests which go far beyond just meeting legal requirements and ratings. The passenger car models have always attained an exemplary degree of safety, thanks to the development of innovations such as the



airbag, automated seatbelts, belt tensioners, and seat-belt force limiters. In addition, extensive innovations for vehicle bodies and occupant cells reduce the severity of accidents. Greater use of extremely high-strength steel alloys makes it possible for the body to withstand very high impact forces in most instances. These advanced high-tech steel grades account for about 72 percent of all the body panels in the new E-Class. As is the case with passenger cars, these same technologies also help ensure a higher level of safety for occupants of commercial vehicles. Drivers are kept safely in their seats by the three-point seat belt (integrated in trucks and buses) and the adjustable headrest. The passenger seats in the touring coach feature two-point seat belts and energy-absorbing backrests that provide the best possible protection for passengers.

After an accident: Prevent deterioration of the situation and offer fast assistance. Immediately after an accident, the focus is on preventing extensive damage or injury and getting help to accident victims as quickly as possible. To reduce the risks after a crash, a central control unit can separate certain areas of the onboard power network from the battery, turn off the engine, activate the hazard warning lights and the emergency lighting, unlock the doors, and roll down the side windows. Daimler provides online rescue manuals for all rescue service personnel. Many fire departments have saved these rescue manuals to laptops for use at accident sites – a feature that enables them to call up the needed information while still en route to the scene of an accident.  A

Also available on the Internet are rescue manuals for trucks, buses, and vans. These manuals describe exactly how to stabilize crashed vehicles and lower a truck's cab. They also contain information on where and how rescue equipment should be applied to open the cab or the rear of a van.  B

As the new Mercedes-Benz Experimental Safety Vehicle (ESF 2009) shows, we are continuing to conduct extensive research aimed at improving safety for passengers and other traffic participants. The safety innovation highlights include inflatable metal structures that unfold in a fraction of a second, increase the stability of structural components, and thereby further improve the vehicles' level of crash safety. Also new is the braking bag, which is activated in the vehicle floor just before a crash and braces the car against the road surface by means of a friction coating, which has an additional baking effect.

The safety assistance systems offered today in commercial vehicles – trucks, buses, and vans – are highly effective in terms of countering the most common types of accidents, which are head-to-tail collisions (33 percent) and accidents that result when drivers leave their lanes

or when vehicles leave the road surface (39 percent). In recent years there has been a constantly growing demand for the latest safety technology. The percentage of trucks equipped with the Active Brake Assist system alone has risen by 32 percent since 2008. Active Brake Assist can now even be found in just under 70 percent of touring coaches ordered. Given, however, that the strong demand has so far been concentrated in Germany and Switzerland, our objective is to ensure more widespread use of the systems. To this end, we have teamed up with the Allianz insurance company and the DEKRA technical inspectorate to launch the "Safetyplus Truck" and "Safetyplus Van" initiatives, which promote the use of state-of-the-art control systems and driver assistance systems. Insurance companies and employers' liability insurance associations now offer reduced premiums for commercial vehicles that feature such technologies.  C

The protection of more vulnerable road users such as pedestrians and cyclists has always played a very important role in the development of Mercedes-Benz passenger cars. Mercedes-Benz has been protecting pedestrians for many years with models that feature smooth-surfaced bodies, energy-absorbing bumpers, flush-mounted door handles, laminated-glass windshields, folding exterior mirrors, and recessed windshield wipers. Prominent among the additional features in the new E-Class is the newly developed Active Hood. When this system's sensors register an impact with a pedestrian, the electronic control unit releases the hood's arresters and the hood is pushed upwards by up to 50 millimeters in a fraction of a second. This enlarges the deformation area, thus reducing the risk of injury to pedestrians.

Road safety. Vehicle safety is one of Daimler's core areas of competence, but at the same time we realize that road safety is the result of more than just technological solutions installed in vehicles. We have a heightened awareness of our responsibility for road traffic overall, which is why we go a step further. Our commitment ranges, for example, from traffic safety instruction for the youngest road users and information for rescue service personnel to comprehensive protection efforts with partners:

- Daimler supports the European Road Assessment Programme (EuroRAP), which aims to make the entire road system safer, for example by pointing out and eliminating accident hotspots.
- In numerous programs and initiatives based on sound scientific principles (including the Global Road Safety Partnership, MobileKids, and Mothers Against Drunk Driving), Daimler also teaches children how to behave in traffic, enhances parental awareness of safety, and educates the public through road safety campaigns.



Rescue manual and maps for passenger vehicles on the Internet:

[Online 312](#)



Information for rescue and towing services:

[Online 313](#)



Information on our safety training courses and driver training programs:

[Online 314](#)



For further information, please enter the corresponding number into the search field at

<http://sustainability.daimler.com>



Around
72%

of all the body
panels of the new
E-Class is
high-tech steel

3.0 Suppliers

More information: p. 12 f. and p. 21 f.

4.0 Logistics

Vehicles that transport deliveries to and from our production plants outside Europe also have an environmental impact. Daimler's goal here is to minimize the harmful emissions they produce by optimizing the logistics systems involved and by using rail and ship transport. A good example of this strategy is provided by our operations near the Untertürkheim plant on the Neckar River in Germany. Since 2004 we have been operating a logistics center here that oversees the transport of more than 60,000 tons (66,000 UStons) of powertrains a year (2009: nearly 69,000 tons/76,000 UStons) on the environmentally friendly waterway. As a result, we achieved CO₂ savings of about 4,000 tons (4,400 UStons) in 2009 with regard to the total transport volume. In 2009 approximately 2.8 million tons (3.1 million UStons) of commodities were transported for production in Daimler's German car and commercial vehicle plants, as well as in the Group's facility in Vitoria, Spain. These commodities were transported by trucks over a total of 113 million kilometers (70 million miles) (not counting door-to-door deliveries). Based on the current handbook on emission factors for road traffic (HBEFA 2.1), this corresponds to approximately 99,500 tons (110,000 UStons) of CO₂ emitted into the atmosphere, which corresponds to around 5 percent of the total CO₂ emissions generated through production activities at all plants receiving such deliveries. As far as passenger cars are concerned, on the export routes to the U.S. we are now mostly using roofed storage areas in parking garages and "tube freight," whereby trains move in enclosed tubes that are protected from the elements. This is why in 2009 we dispensed for the first time with the paint-protection film normally used previously, saving approximately 40,000 square meters (430,000 square feet) of the material. We are currently evaluating whether paint-protection film for overseas exports can be abandoned entirely. In addition, the use of bumper pads was discontinued for the entire fleet of exported passenger cars; this is the equivalent of six foam strips per vehicle. The total annual volume saved could fill 10 large shipping containers.

5.0 Production

5.1 A production-related environmental strategy.

We want to further promote the use of innovations in production and process engineering that are beneficial

to the environment. This is why in our third environmental guideline we have stated our intention of making all stages of production as environmentally sound as possible. The main fields of environment-related activity in the production sector are climate protection, air pollution prevention, and resource conservation. In concrete terms, this means:

- Reducing direct and indirect CO₂ emissions.
- Reducing solvent emissions.
- Raising resource efficiency, and avoiding the production of waste materials.

In order to reach these goals, Daimler has set up control processes that are embedded in the certified environmental management systems at its production plants. The production locations that have been certified according to the European EMAS system for environmental auditing publish certified annual environmental reports concerning their environmental policies, their targets and implementation measures, and their environmental data.   

5.2 Energy and climate protection. Climate protection is the highest priority when it comes to production-related environmental protection measures. Our Group-wide target is to reduce the CO₂ emissions generated through production activities by 20 percent by 2015 from the 2007 values. In order to reach this target, in-depth analyses of the potential for CO₂ reduction and corresponding strategies are being prepared at the plants and coordinated at the divisional level in cooperation with the central planning units. The keys to achieving this optimization are the efficient use of energy and ensuring that electricity and heat are supplied to the locations in the most environmentally friendly way possible.  

Natural gas, which is a low-carbon fuel, has long been used to heat the plants. We use district heating wherever possible — and one plant uses shredded waste wood to achieve nearly CO₂-neutral heating. At many production sites highly efficient cogeneration plants are in operation. These are operated either by Daimler or by regional power companies. Coke is used only for smelting cast iron, as there is no technological alternative for this purpose. For its new construction, expansion, and modernization projects, Daimler uses innovative low-CO₂ energy supply concepts and electricity generated from renewable sources. In 2009, for example, a new photovoltaic system with a maximum output of 500 kilowatts was put into operation on the roof of our plant in Berlin. The area covered by solar panels on the roofs of our plants grew in 2009 to 35,000 square meters (377,000 square feet), and the amount of energy thus generated increased to 4,180 megawatt-hours. In 2009 Daimler consumed a total of 8.63 million megawatt-hours of energy worldwide (2008: 10.42 million), or 17 percent less than in the previous year. Because a large



More about the environmental management systems:

[Online 315](#)



Further information on the collection and presentation of the data:

[Online 316](#)



For further information, please enter the corresponding number into the search field at

<http://sustainability.daimler.com>



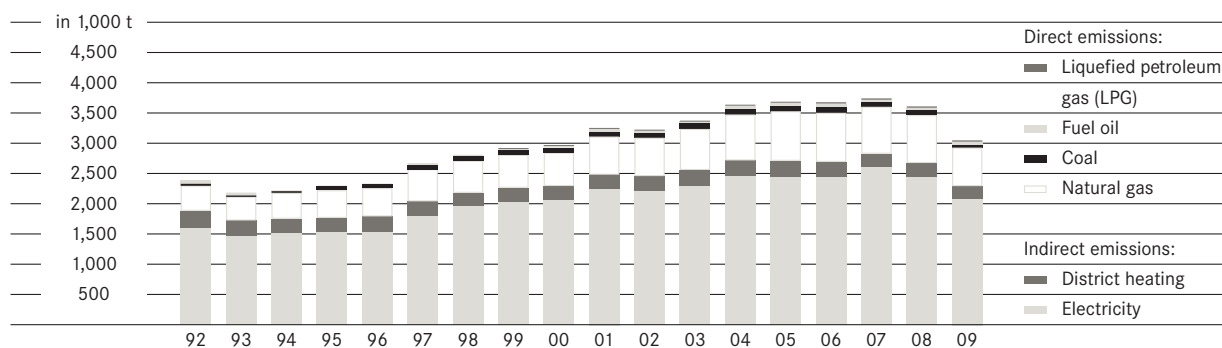
4,180
MWh

were generated
by photovoltaic
panels on plant
roofs in 2009

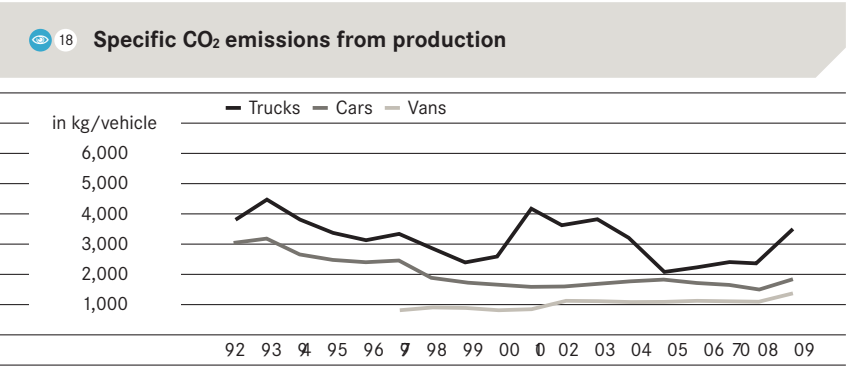
16 Group-wide data on production-related environmental protection

		Unit	2007	2008	2009*	2008/2009 in percent	Change
Energy consumption	Total	GWh	10,323	10,420	8,631		-17.2
	Of which electricity	GWh	4,608	4,579	3,863		-15.7
	Of which natural gas	GWh	4,302	4,383	3,473		-20.7
	Of which district heating	GWh	976	1,025	932		-9.0
	Of which fuel oil	GWh	143	135	115		-15.2
	Of which liquefied petroleum gas (LPG)	GWh	114	101	121		+19.1
	Of which coal	GWh	180	197	127		-35.4
CO ₂ emissions	Total	1,000 t	3,739	3,611	3,037		-15.9
	Of which direct (Scope 1)	1,000 t	909	925	743		-19.6
	Of which indirect (Scope 2)	1,000 t	2,830	2,686	2,293		-14.6
Emissions into the atmosphere	Solvents (VOC)	t	7,381	6,356	4,275		-32.7
	Sulfur dioxide (SO ₂)	t	51	37	33		-10.7
	Carbon monoxide (CO)	t	2,167	2,657	2,148		-19.2
	Nitrogen oxides (NO _x)	t	884	938	802		-14.5
	Dust (total)	t	262	243	186		-23.4
Waste volumes	Waste for disposal	1,000 t	79	69	42		-39.1
	Waste for reuse (without scrap metal)	1,000 t	210	231	149		-35.5
	Scrap metal for reuse	1,000 t	801	751	527		-29.6
	Hazardous waste for disposal	1,000 t	16	19	24		+30.1
	Hazardous waste for reuse	1,000 t	60	60	45		-25.4
Water consumption	Drinking water (externally supplied)	million m ³	9.87	9.24	7.11		-23.1
	Well water (derived on site)	million m ³	5.48	5.31	4.24		-20.2
	Surface water	million m ³	0.82	0.84	0.61		-28.1
Costs related to environmental protection	Investments	million €	86	74	44		-40.1
	Current expenditure	million €	435	483	373		-22.8
	R&D expenditure	million €	1,418	1,799	1,721		-4.3

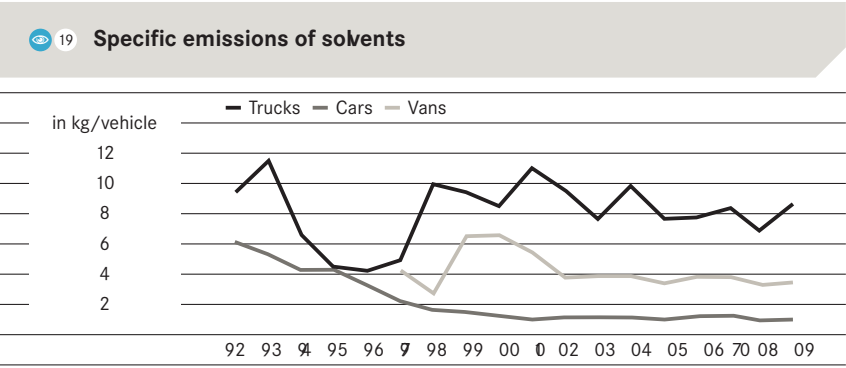
The steep decline in the quantities of wastes is mostly due to the reduction in production volumes. The disposal of circulation fluids in the course of the changeover in painting processes nonetheless gave rise to a further increase in the quantity of hazardous wastes for disposal. The recycling rate for non-hazardous waste (without scrap) increased slightly to 78 percent. Expenditure related to environmental protection dropped in line with the business development. The rise in environmentally related R&D expenditures as a proportion of the total R&D expenditures (from 39 to 43 percent), however, underlines their increasing priority. (*2009 figures are provisional)

17 Direct and indirect CO₂ emissions from production

The fall in total CO₂ emissions relative to the previous year amounted to 15.9 percent. The direct emissions from the burning of fossil energy carriers (Scope 1) fell more steeply than the indirect emissions due to the generation of electricity and district heating (Scope 2) in 2009. The updated conversion factors have given rise to minor deviations from previous calculations.



The increase in the specific CO₂ emissions results from the production-independent component of the energy consumption (infrastructure, administration, and development), which it was not possible to reduce by means of energy-saving measures to the same extent. The halving of production at Vans and Trucks caused this effect to appear especially pronounced.



It proved possible to hold the low specific solvent emissions at Cars (1.1 kg/vehicle, -2 percent) and Vans (3.5 kg/vehicle, +5 percent) approximately constant or slightly improve them. The low production volume at Trucks led to an increase in the specific value to 8.6 kg/vehicle.

share of the energy consumption is not dependent on production volumes, the specific energy consumption and thereby also the CO₂ emissions per vehicle increased at all divisions as a result of the steep decline in production.

Analyses of various projects for the optimization of energy use have showed us that the energy costs related to technical infrastructure account for a disproportionate share of total production-related energy costs. In what is currently the biggest centrally managed energy savings project, for example, Mercedes-Benz Cars achieved considerable energy savings in 2009 by means of the improved use of waste heat, optimization of air-compressor and ventilation technologies, and the requirement-based operation of heating, lighting, and systems, etc. At the Ludwigsfelde vans plant, ventilation during production lulls was optimized, yielding savings of 455 megawatt-hours of electricity and 2,000 megawatt-hours of district heating. And in the smart assembly plant in Hambach, France, we saved a total of 6,000 megawatt-hours of heating energy thanks to improved control of the production halls' heating and ventilation systems as well as the air intake and discharge volumes in the paint shop. At the Detroit Diesel Corporation's engine plant in Redford, Michigan, a large-scale program that involved employees and featured internal "energy ambassadors" led to 15 percent savings in heating, ventilation, and air conditioning. At Daimler Trucks North America's Mount Holly and Cleveland plants, raising employee awareness, introducing new measures for shutting down systems when not in use, and optimizing air conditioning contributed to reductions in energy use of up to 70 percent during downtimes and 30 percent during production periods. One factor here was the use of large fans that improved air circulation so much that less energy was needed for cooling in summer and heating in winter.

CO₂ emissions. As a result of savings measures and decreased production, energy-related CO₂ emissions of all plants in 2009 fell by 15.8 percent to 3.04 million tons (3.35 million UStons). Emissions of other greenhouse gases, such as coolants, are negligible. When weighted for their impact on the climate, these gases account for less than one one-thousandth of Daimler's total greenhouse gas emissions.  A

5.3 Air pollution control. The production of vehicles at Daimler plants creates several air pollutants, most notably in the form of solvents (volatile organic carbon compounds, or VOCs) that are released from the paint shops.  19

Other pollutants, such as sulfur dioxide (SO₂), carbon monoxide (CO), nitrogen oxides (NO_x), and dust, are emitted into the atmosphere primarily through combustion processes in furnaces and at engine test rigs. It

remains the company's goal to maintain the low level of emissions achieved in recent years and to reduce emissions even further wherever this is technically and economically feasible.

Painting technology for passenger cars has already reached such a very high standard that only minor additional reductions in emissions can be achieved. The introduction of water-based paints in the 1990s reduced solvent emissions at the passenger car production plants by about 70 percent. Even bigger reductions are possible in the painting of commercial vehicles and powertrains, however, thanks to innovative solutions. The EvoBus plant in Neu-Ulm, Germany, for example, developed the world's first fully automated paint shop with robots and electrostatic application technology for painting buses. The project was realized in cooperation with the manufacturer of the machinery, and the paint shop was put into operation in 2008. Compared to the previous manually operated paint shop, the new facility not only reduces paint use and the amounts of paint sludge to be disposed of; it has also cut solvent emissions by 44 percent and energy use by 50 percent. In addition, Daimler has achieved yet another pioneering innovation in surface technology in the axle-painting process at the Gaggenau plant. Here, an entirely new coating technology with a paint material was developed. It combines primer and protective coating and hardens under ultraviolet light in only 90 seconds. The new technology is very successful: There are no solvent emissions, no paint sludge to dispose of, and energy consumption has been reduced by 30 percent.  B

5.4 Waste prevention and recycling. When it comes to waste management, we believe that prevention and recycling are better than disposal. The reconditioning and reuse of raw, process, and operating materials has thus been standard practice at our plants for many years now. Moreover, we use innovative technologies and eco-friendly production planning processes in order to avoid the creation of waste from the outset.  C

At the Untertürkheim location, for example, we have developed a process that extracts machining oil from the wastewater produced during parts cleaning and recycles it for immediate re-use. Extracting the recycling material helps to protect the environment and reduces costs by about 45 percent compared with the non-recycled product. The Detroit Diesel Corporation in Redford, Michigan, reports impressive results regarding its waste prevention and recycling activities. The U.S. Environmental Protection Agency has classified the plant there as a "Small Quantity Generator" because it produces less than one ton of hazardous waste per month, thanks to measures that enable targeted waste separation and the prevention of hazardous wastes. In October 2009 the Freightliner Custom Chassis Corporation facility in Gaffney, South Carolina, marked an important milestone



Details on how CO₂ emissions are calculated:

[Online 317](#)



Information on UV painting:

[Online 318](#)



More about the documentation of waste:

[Online 319](#)



For further information, please enter the corresponding number into the search field at

<http://sustainability.daimler.com>

in its history when the last truckload of waste was transported to a landfill site. Previously, a highly motivated “Green Team” at the location had developed a waste separation system, established new recycling channels, introduced reusable packaging, and initiated measures that increased awareness in the workforce. All these efforts enabled the location, which previously transported over 100 tons (110 UStons) of waste to landfills monthly, to achieve its goal of generating zero landfill waste during production within a two-year period.  **A**

5.5 Water protection. Daimler’s aim here is to use this precious commodity as sparingly as possible and to avoid contaminating water resources. This goal is being pursued with particular rigor in countries with dry climates. At our truck plant in Santiago Tlanguistenco, Mexico, for example, we built a new wastewater treatment facility with a biological purification stage. The facility uses recirculation to reduce fresh water consumption by 27 percent. In addition, more than half of the purification capacity is used for municipal wastewater — a feature that has also substantially improved the water quality in nearby bodies of water.

In general, most of the production plants do not directly channel their wastewater into lakes or rivers. Instead, after appropriate pretreatment, it is channeled into local water treatment plants through the public sewer system. Detailed data on the wastewater parameters can be found in the plants’ environmental reports.  **B**  **C**

5.6 Soil conservation and remediation, and nature conservation. We consider the protection of soil and groundwater to be one of the most important aspects of our commitment to environmental protection. The primary goal in this area is to prevent any contamination from the outset. However, contaminated areas exist in older industrial complexes — for example, at the Detroit Diesel Corporation’s 70-year-old plant in Redford, Michigan. As a result of major production shutdowns in 2004, large parts of this plant were in danger of deteriorating into unused industrial wasteland. In a multi-year remediation project, which was realized in cooperation with the state of Michigan and the township of Redford, the entire site was transformed into a modern industrial park, whose new tenants now include six companies. The U.S. Environmental Protection Agency honored the project by presenting the participants with the Phoenix Award 2008 for exemplary site recycling.

Environmental compensatory measures. The former raised bogland near Papenburg, Germany, was no longer in good condition when Daimler began building a test center there in 1995. The deterioration was essentially due to its previous use as a peat harvesting area. As part of compensatory measures implemented in line with environmental conservation laws, we performed extensive re-wetting of former raised bog sites. Thanks to

these efforts, vegetation typically found in raised bogs is today returning and numerous threatened species are finding a suitable habitat.  **D**

5.7 Noise abatement. We have set ourselves the aim of reducing as far as possible the noise levels to which our employees and the neighbors of our production locations are subjected. Here too we are relying on innovative solutions, such as the one implemented in the paint shop of the Düsseldorf van plant. Here, the previously used splitter attenuators in the exhaust stacks were no longer able to provide the sound insulation needed to protect neighbors from noise pollution, due to higher volumes of exhaust and increased fouling with paint particles. In cooperation with the Fraunhofer Institute for Building Physics and a specialist manufacturer, sound-absorbing components, called “baffle resonators,” were further developed so that they could dampen higher noise frequencies than was previously possible. What’s more, the components are relatively resistant to fouling. In addition to the considerable reduction of noise, the upgrading resulted in a larger flow cross-section and therefore reduced loads on the exhaust fans. As a consequence, it is possible to reduce the consumption of electricity by about 7,600 megawatt-hours a year.

6.0 Sales

Daimler’s environmental guidelines also serve as a strategic framework for environmental protection activities associated with the sale of our products worldwide. On this basis, the German Mercedes-Benz Sales Organization (MBVD) pursues an environmental management policy that encompasses dealerships as well as Group sales and service outlets in Germany. The environmental management’s matrix certification in accordance with the European Eco-Management and Audit Scheme (EMAS) is valid for 45 company-owned sales and service outlets and is thus the most extensive in the German automotive sales industry.

The recycling specified by the MeRSy system for workshop waste management has been in effect at the centers for almost 15 years. MeRSy ensures that the material is not only collected and transported in a regulated manner but is also treated and recycled professionally. The MBVD collects and recycles far more than 30,000 tons (33,000 UStons) of waste annually, which is meticulously separated into 35 categories of vehicle parts, ranging from old tires to bumpers. And the environmental program for resource conservation is delivering results. Since 2003, for example, water use has been reduced by approximately 12,000 cubic meters (424,000 cubic feet) (–9.4 percent) thanks to greater use of vehicle washing facilities equipped with water recirculation systems. Daimler has also been achieving savings



More information on the Zero Waste to Landfill project in Detroit:

[Online 320](#)



Information on the environmental statements of the plants:

[Online 321](#)



More information on the pollutant loads of direct discharges:

[Online 322](#)



Details of the compensatory measures at the Papenburg test center:

[Online 323](#)



More about MeRSy:

[p. 44](#)



EU legislation for the reduction of CO₂ emissions in Europe:

[Online 324](#)



Information on the Group’s passenger car models:

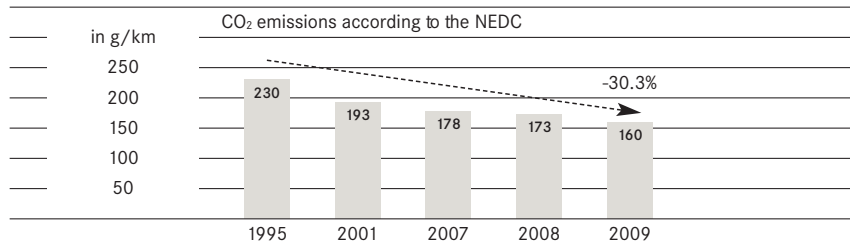
[Online 325](#)



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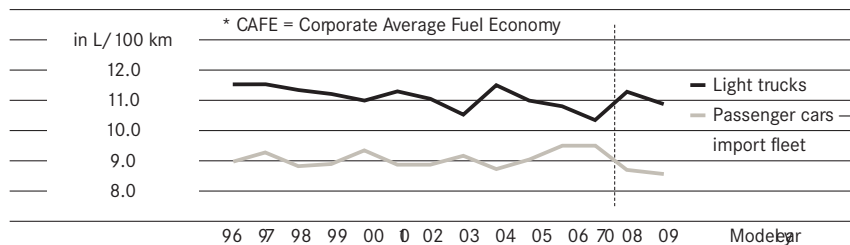
<http://sustainability.daimler.com>

20 Development of the CO₂ emissions for the European Mercedes-Benz Cars passenger car fleet 1995 – 2009



From 2008 to 2009 we were able to reduce the CO₂ emissions of the European Mercedes-Benz Cars passenger car fleet by 7.5 percent.

21 Daimler CAFE* values for passenger cars and light trucks in the U.S. 1996 – 2009



The figures for the 2008 and 2009 model years only include the Mercedes-Benz and smart vehicles sold in the U.S. Until the 2007 model year, the fleet of light-duty commercial vehicles also included Chrysler LLC vehicles not belonging to the SUV segment.

for years in terms of energy use, a concept for the “energy-saving sales and service outlet” is currently being developed for comprehensive implementation. [→ E](#)

7.0 Product use

7.1 Fuel consumption and CO₂ emissions. Over a passenger car’s entire lifecycle, about 80 percent of the primary energy consumption and CO₂ emissions are associated with the vehicle utilization phase. Here Daimler has succeeded in recent years in significantly reducing fuel consumption and CO₂ emissions in passenger cars and commercial vehicles through optimized combustion engines, the implementation of downsizing concepts with supercharging, and the introduction of new transmissions. With the consistent rollout of our BlueEFFICIENCY models throughout all the production series and the introduction of the new generation of four-cylinder diesel and gasoline engines, we further significantly reduced the CO₂ emissions of our fleet of new vehicles in the year under review.

The CO₂ emissions of Mercedes-Benz Cars’ fleet in Europe have declined by around 30 percent since 1995. The average CO₂ emissions of the entire fleet in Europe were 160 grams per kilometer (257 g/mile) in 2009. [F](#) [E](#) [20](#)

The implementation of our measures and technologies for achieving emission-free mobility (see Section 21) will enable us to further reduce the fuel consumption and CO₂ emissions of our fleet in the future. Our goal is to reduce the CO₂ emissions of our fleet of new vehicles in Europe to below 140 grams per kilometer (225 g/mile) by 2012 – a reduction of nearly 40 percent compared with 1995. Our product planning is conceived to ensure that we will not have to pay penalties and will meet the corresponding EU targets by 2015. [E](#) [G](#)

In the U.S., the Corporate Average Fuel Economy (CAFE) standards set the legal framework for improving energy efficiency. According to these standards, sales weighted manufacturers’ passenger car fleets had to be below 8.6 liters per 100 kilometers (27.4 miles per gallon) for cars, and 10.2 liters per 100 kilometers (23.1 miles per gallon) for light trucks for model year 2009. [E](#) [21](#)

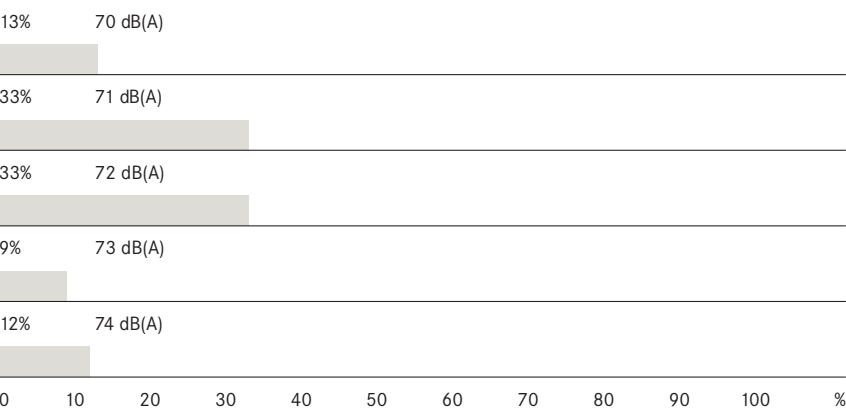
The fleet value for each model year is determined by the number of vehicles sold and the respective fuel economy values. Manufacturers must pay US\$5.50 for every 0.1 mile per gallon they fall below the standard. Legislators are discussing the possibility of increasing the penalties. Thanks to the implementation of measures for improving fuel economy, it was possible to reduce the penalty for the 2008 model year by more than 75 percent to US\$6.9 million. In the short term we

22 **Percentage of Mercedes-Benz and smart passenger cars sold in Europe in 2009 that meet mandatory and planned emissions standards**

	HC + NO _x in g/km		NO _x in g/km		Particulates in g/km		Percentage share of Mercedes-Benz and smart passenger cars that meet the respective limit values
	Diesel	Gasoline	Diesel	Gasoline	Diesel	Gasoline	
Euro 4	0.30	0.08	0.25	-	0.025		66.2%
Euro 5 ¹	0.23	0.06	0.18	0.005	0.005		33.7%
Euro 6 ²	0.17	0.06	0.08	0.005	0.005		0.1% ³

¹ The Euro 5 limits are binding for all new vehicles as of January 1, 2011.
² The Euro 6 limits are binding for all new vehicles as of January 1, 2015.
³ The proportion of Euro 6 types (3 percent) is significantly higher than the market share.

23 **Pass-by noise passenger cars – distribution over the number of Mercedes-Benz and smart passenger cars sold in Europe in 2009**



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

will not have to pay any more penalties. In 2009 emission regulations were tightened for both passenger cars and light trucks. Although the new Corporate Average Fuel Economy (CAFE) standards are separate from the planned greenhouse gas regulations for reducing CO₂ emissions, they are closely aligned with one another. The regulations are valid throughout the U.S.: The CAFE standards are to go into effect starting with the 2011 model year, the greenhouse gas standards beginning with the 2012 model year. Meeting these standards will require the most advanced drive and vehicle technologies, as well as further measures for cutting CO₂ emissions. 

In Japan, the “Top Runner” concept has fixed binding upper limits for the fuel consumption of passenger cars from 2010 on. The program was set up in 1998 and 1999 with the aim of reducing primary energy consumption in Japan to the 1996 level by 2010. For various product groups, including vehicles, the most efficient models in defined classes were determined and their fuel consumption values were specified as targets. The targets for 2010 have already been achieved by Daimler in one vehicle class. The fuel consumption targets for 2015 are 30 percent more stringent than those for 2010, and further targets for 2020 are currently being discussed. Our product planning activities are geared toward achieving the relevant target values.

Refined and even more efficient engines, improvements to tires and aerodynamic properties, variable final-drive ratios, and the introduction of BLUETEC technology have all led to reductions in the fuel consumption of our commercial vehicles over the last few years. With long-distance trucks like the Mercedes-Benz Actros, for example, Daimler has been leading the field for years in terms of fuel economy. BLUETEC vehicles consume between 2 and 5 percent less fuel than Euro III vehicles, which means savings in long-distance operation of about 2,000 liters of diesel fuel and 5 tons (5.5 UStons) of CO₂ per year. What’s more, new technologies, such as the ECO-Start feature, are also resulting in significantly lower fuel consumption in our vans. ECO-Start enables the Sprinter to deliver fuel savings of between 5 and 8 percent in city driving. We are continuing to work hard on reducing fuel consumption and CO₂ emissions. 

Driving style and potential savings. Aside from the improvements made to the vehicles, the driver also plays a key role when it comes to fuel consumption. Studies have shown that by applying the rules of economical and anticipatory driving out on the road, a driver can achieve fuel savings of as much as 10 percent over the long term. Exploiting such savings potential is the goal of the Eco training courses offered by Mercedes-Benz to drivers of passenger cars and commercial vehicles. Drivers receive additional support

here from the gear-shifting recommendations and current fuel consumption display in the instrument cluster. [C](#) [D](#)

7.2 Airborne emissions. Besides carbon dioxide and water vapor, automobile exhaust emissions include carbon monoxide (CO), nitrogen oxides (NO_x), and hydrocarbons (HC). Diesel vehicles have the same emissions plus particulates. In recent years, Daimler has significantly reduced the various types of emissions across its entire passenger car range with the help of improved engine designs and highly efficient emission control systems. Since 1995, for example, the NO_x emissions of our diesel vehicles have been cut by about 70 percent (with BLUETEC that figure is over 95 percent) and particulate emissions by more than 95 percent. Over the course of the past decade, the Group has also dramatically reduced emissions of nitrogen oxides, hydrocarbons, and particulates in its commercial vehicles by improving the control of combustion processes in engines and by optimizing mixture formation. Our ongoing aim is to apply state-of-the-art technologies to achieve further reductions of airborne emissions and thus comply with future emission limits in Europe, Asia, and the U.S. as far in advance as possible. [E](#)

Low-emission passenger cars. The Euro 5 emission standard has been in effect for new models since September 1, 2009. It will apply to all new cars as of January 1, 2011. The emission norm stipulates more stringent particulate and NO_x limits for new passenger cars and vans. With Euro 5, the EU has also set particulate limits for gasoline engines (direct injection) for the first time. The Euro 6 standard will go into effect for new models on September 1, 2014, and for all new vehicles in September 2015. To further reduce our vehicles' exhaust emissions, we have put together a multi-stage plan that combines all available technical solutions. The plan for diesel-powered vehicles consists of:

- Optimized engine and combustion processes that reduce raw emissions to the greatest extent possible. This includes use of electronic engine control systems, four-valve technology, fourth-generation common-rail direct injection with piezo injectors, turbocharging with variable geometry, and exhaust gas recirculation systems.
- Oxidizing catalytic converters that minimize emissions of carbon monoxide (CO) and uncombusted hydrocarbons (HC).
- Diesel particulate filters that lower particulate emissions by up to 98 percent.

BLUETEC, a technology developed by Mercedes-Benz, effectively reduces emissions, especially those of nitrogen oxides. The system utilizes AdBlue®, an aqueous urea solution that is injected into the exhaust gas stream. AdBlue triggers a chemical reaction that releases ammonia, which converts up to 80 percent of the

nitrogen oxides present into harmless nitrogen and water in a downstream SCR system. The BLUETEC models for the R-Class, ML-Class, and GL-Class were the first diesel SUVs capable of meeting the stringent emission limits in all 50 U.S. states. Like the E 350 BlueTEC, these vehicles also already comply with the Euro 6 standard. In fact, thanks to the use of new engine and exhaust gas technologies, three percent of our passenger vehicle models were already able to meet the Euro 6 standard's requirements by the end of 2009. [F](#) [22](#)

Low-emission commercial vehicles. The Euro 4 emission standard was replaced by Euro 5 in October 2009. By introducing BLUETEC technology, we were able to comply with Euro 5 at an early stage and at an acceptable cost. Using BLUETEC as a basis in combination with further modifications to our engines and exhaust systems (e.g. closed particulate filter systems), we are also able to meet the stringent EPA 10 (NAFTA) and JP 09 (Japan) emission standards. [F](#) The EEV (Enhanced Environmentally Friendly Vehicle) emission standard was introduced in 2000. EEV limits are even lower than those for Euro 5. Our range of EEV-compliant vehicles encompasses Citaro city buses, the Econic NGT, the Sprinter NGT, the Fuso Canter, and trucks from the Mercedes-Benz Actros and Axor series.

7.3 Noise emissions. Many vehicle components, including the engine and the powertrain, affect noise emissions. Over the years, fruitful cooperation between aero-acoustic experts and vehicle body and engine developers has allowed us to achieve major advances in terms of reducing both interior and exterior noise in our models. Our bus noise levels have been lowered by more than 10 decibels since the early 1970s, for example. This was achieved primarily through technical measures – for example by lowering engine speeds, optimizing fuel injection and combustion processes, and encapsulating the engine and transmission. New components like our four-cylinder diesel engine for passenger cars noticeably lower combustion noises to a minimum. Even when idling, our four-cylinder CDI engines have a noise level well below the Mercedes target of 62 decibels. [23](#)

The problem of traffic-related noise cannot be solved by vehicle-related measures alone, however. Increasing traffic densities, construction along roadways, driving habits, the surfaces and conditions of roads, and tire properties also influence noise exposure. In general, the main factors contributing to commercial vehicle noise are tires, vehicle bodies, and payloads. Key parameters that Daimler can directly influence are low-vibration design, optimal engine encapsulation, and aerodynamically efficient cabs designed for low wind resistance. We are also working closely with body builders to reduce noise to a minimum.



Corporate Average Fuel Economy (CAFE) standards in the U.S.:

[Online 326](#)



More about the savings potential in commercial vehicles:

[Online 327](#)



Our fuel-saving tips:

[Online 328](#)



More about the Eco training courses:

[Online 329](#)



More about the development of the European emission limits:

[Online 330](#)



Further information on our BLUETEC technologies:

[Online 331](#)



For further information, please enter the corresponding number into the search field at

<http://sustainability.daimler.com>



3%

of our passenger cars already conform to the Euro 6 emissions standard

8.0 End of life

Recycling-compatible design. As early as the development stage, a high priority is placed on incorporating environmental protection and recycling capability aspects into our vehicle designs. One example involves the use of single-origin materials for bumpers and underbody paneling, which simplifies the dismantling of such components and ensures high-quality recycling.

Our regulations for disposing of end-of-life vehicles are based on the EU's directive for these vehicles. They include:

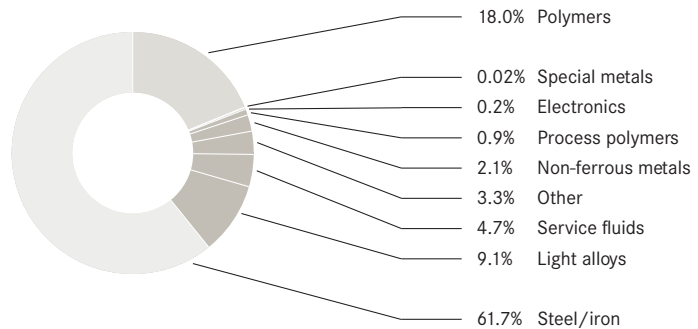
- Free take-back of all end-of-life vehicles (since 2007).
- Prohibition of lead, hexavalent chromium, mercury, and cadmium, taking into account the exceptions in Annex II.
- An effective vehicle take-back and recycling network (since 2002).
- The Mercedes-Benz Used Parts Center makes a key contribution to recycling through its resale of tested and certified used components.  
- Vehicle disposal and recycling companies can obtain detailed disassembly information via the electronic International Dismantling Information Technology System (IDIS).

MeRSy conserves resources. Our MeRSy recycling management system reduces waste through the collection and, where appropriate, recycling of packaging materials, workshop waste, end-of-life parts, vehicle components returned on warranty, and liquids at our service centers. Daimler also goes beyond legal requirements by voluntarily assuming the costs for the disposal of a portion of the waste it collects, whereby it reserves the right to discontinue this practice at any time. The fee for leasing appropriate containers is borne by the service partner in question. MeRSy was introduced in 1993 and is now used in Belgium, Germany, Luxembourg, the Netherlands, Austria, Switzerland, and Spain. Participation is open to service centers from all Daimler brands, as well as to major customers with their own repair centers after consultation with the Group. In 2009 MeRSy collected a total of 31,064 tons (34,242 US tons) of end-of-life parts and materials for recycling. Some 1,103,000 liters (291,400 US gal) of coolant and 80,000 liters (213,000 US gal) of brake fluid were also recycled.

Network for taking back end-of-life vehicles. Daimler guarantees simple and easy disposal of customers' vehicles. It also guarantees the high quality of all disposal operations and their compliance with applicable laws. To this end we have established networks for taking back end-of-life vehicles in all EU countries in cooperation with local importers and disposal companies.



Material composition of the Daimler passenger car fleet Distribution over the number of Mercedes-Benz and smart passenger cars sold in Europe in 2009



More than half of the vehicle weight (61.7 percent) is accounted for by steel/iron, followed by polymers with 18 percent and lightweight metals as the third-largest fraction (9.1 percent).



More about the Mercedes-Benz Used Parts Center:

[Online 331](#)



For further information, please enter the corresponding number into the search field at <http://sustainability.daimler.com>



Christian Hochfeld

is a member of the Executive Board of
Öko-Institut e.V.

External statement

Perspectives for a “Stuttgart Accord.” The dismal outlook for the automotive industry last year has now given way to another gloomy perspective, this one having to do with whether we will be able to achieve our global climate protection goals and succeed in limiting the rise in global temperature to two degrees Celsius by the end of this century. The “Copenhagen Accord” agreed upon during the Global Climate Summit in December 2009 fell far below expectations, as it failed to lay the necessary groundwork for achieving climate protection objectives. Time is running out.

It's therefore all the more important that the repeated claims of voluntary commitment on the part of businesses and automakers like Daimler be put to the test as companies look to the year ahead with hopes of a recovery. Will renewed growth once again be achieved at the expense of the climate and the environment, or will we truly emerge “green” from the crisis? How solid is the “Stuttgart Accord” — and are we on our way to a “Green New Deal?” For the first time in automotive history, the average CO₂ emissions of the fleet of new vehicles fell last year by more than 7 percent. Although this is an important first step, it can only be a beginning. Climate protection is possible after all! The CO₂ figures also show that there was no justification for the European automobile industry's hostile stance toward the EU's ambitious fleet emission limits, and that this attitude also wasted valuable time in the battle to stop global warming. The current performance and goal formulations in the area of green technology leadership are a promising aspect of the “Stuttgart Accord.” However, this alone will not be enough to establish a Green New Deal that would reduce the impact of vehicles on the climate in the future.

The “reinvention” of automobile companies in line with climate protection goals needs to go well beyond the establishment of green technology leadership. In our view, an important component involves the continued pursuit of the ambitious goal of reducing the CO₂ emissions of Europe's new vehicle fleet by at least 30 percent by 2020 compared to 2012. Similarly ambitious targets should also be formulated for the other global markets in line with the type of dynamic development that countries like China, for example, are undergoing. The European automotive industry's hostile stance to even more ambitious European fleet values for 2012 and the demand for a phase-in period — against the background of a failure to comply with voluntary commitments — caused us to lose valuable time, which we do not have, for implementation of effective climate protection measures. This fact should be kept in mind by the people involved in the discussions regarding binding fleet values for 2020. In addition to the need for long-term targets for new vehicles, we also believe that the premium segment should not be viewed solely as an engine of technological innovation. Over the last few years, we have repeatedly pointed out that the premium segment urgently needs to be redefined if we are to succeed in combating climate change to any appreciable extent. The use of the designation “premium” must be expanded to include smaller models. Moreover, we need not only to put a halt to ever-higher engine output but also to start reducing it.

The automotive business model must also abandon another “sacred cow,” namely that of vehicle ownership. Empirical studies have shown that the importance of owning and using a car is now declining among young adults, especially in cities. It's therefore high time for mobility services like “car2go” to be further developed and more broadly applied. Consistent climate protection and resource conservation also necessitate examining the fleet that is on the road now. We believe that the Group's responsibility doesn't end at the dealership. In the future, it will be necessary to find ways to reduce the emissions of the vehicle fleet in use. Another important task will be to work out how valuable raw materials for key components like batteries, fuel cells, and catalytic converters can be recycled within the framework of a “fleet mining” system. In our view, the “Stuttgart Accord” can only lead to a Green New Deal if the claim to green leadership moves beyond the development of new technologies. And without a Green New Deal, the children of today's customers won't be able to drive a Daimler tomorrow.

Christian Hochfeld
Berlin, March 2010



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 More information:
www.oeko.de



Our environmental commitment: Activities and goals

The Group's environmental protection goals are an expression of our determination to continually launch trendsetting, environmentally focused products featuring cutting-edge technology on the market, and to further improve the environmental soundness of our production operations. These goals serve as an internal guide and an external controlling instance for our business partners and the public. Once goals have been attained, new ones will be formulated that build upon established achievements (e.g. the introduction of BLUETEC technology to passenger cars). Individual targets will also be given further scope or expanded should new legislation or technology trends make this necessary.

Goals	Activities/status	Goal attainment	Page
CO₂ emissions of new vehicle fleet.			
Passenger cars: Our goal is to reduce the CO ₂ emissions of our new vehicle fleet in Europe to less than 140 g/km by 2012, which would correspond to a nearly 40% decline since 1995.	Our efforts to reduce fuel consumption will be further intensified. Principal measures include: // The introduction of new four-cylinder gasoline engines with direct injection systems in September 2009 (the fuel consumption of these engines in the new E-Class is up to 18% lower than that of the comparable engine used in the predecessor model). // Introduction of a new 4-cylinder diesel engine in the fall of 2008 (approx. 13% lower consumption). // Introduction of start-stop systems in the smart mhd, the A-, B-, and E-Class, and the S 400 HYBRID (approx. 8% lower consumption). // Introduction of the S 400 HYBRID in June 2009 (approx. 20% lower consumption). // Development of the DIESOTTO concept (approx. 15%-20% lower consumption), first stage until 2012. // Improvement of energy management systems (starting in 2008 – approx. 5%-10% lower consumption). Compared with the reference year 1995, the average CO ₂ emissions of our passenger cars in Europe (M1 vehicles) have been reduced by around 30% as a result of our various measures.	Goal still applies.	26–33, 41
Passenger cars: We aim to be best in class in terms of the CO ₂ emissions of our vehicles. In 2007 the Group began pursuing the goal of introducing at least one vehicle per year in the high-volume series (S-, C-, E-, A/B- and M-Class and smart) with CO ₂ emissions significantly lower than those of the respective predecessor model. Reductions are to total at least 8% for the small-car segment (smart, A/B-Class), and at least 15% for the mid- and upper-range segments.	Here we are employing technical measures for further improving powertrain efficiency, among other things through innovative combustion processes. // The CDI engine introduced in the new generation smart fortwo in 2007 made it possible to reduce fuel consumption by about 13%. // The market launch of our BlueEFFICIENCY models enabled us to reach our reduction targets in the mid-range segment as well, and in some cases we significantly exceeded them. The C 200 CDI BlueEFFICIENCY model launched in 2008 boasts 17% lower CO ₂ emissions than its predecessor, while the CO ₂ emissions in the C 180 KOMPRESSOR BlueEFFICIENCY are 15% lower than in the predecessor model. // With emissions up to 24% lower than in the predecessor model, the new E-Class in the upper-range segment also meets the emission reduction targets.	Goal still applies.	26–33
Passenger cars: Introduction of various hybrid solutions to be offered either individually or in combination, depending on vehicle class, type of use, and customer requirements beginning in 2007.	// Market introduction in October 2007 of the smart mhd with start-stop system, A- and B-Class also available with a start-stop system since 2008, new E-Class since 2009. // Launch of the S 400 HYBRID in Europe in June 2009 and introduction of the ML 450 HYBRID in the U.S. in the fall of 2009 // Launch of the E-Class BLUETEC HYBRID in 2011. // Introduction of various start-stop systems in 2010.	Goal still applies.	29
Commercial vehicles: Our goal is to reduce the fuel consumption of our trucks (N3) in Europe by an average 20% per ton-kilometer by 2020 from the base year of 2005 (Euro III vehicles).	// Further development and optimization of the powertrain, for example by reducing friction losses. // Introduction of new weight-optimized and more fuel-efficient engines. // Improvement of the aerodynamics of the cab and the entire vehicle. // Introduction of brake energy recovery systems. // Launch of additional hybrid models (in 2009 the Fuso Canter Eco Hybrid was the first series-produced hybrid truck to be sold in Europe). The diesel consumption of conventional commercial vehicle diesel engines has been cut by over a third in recent decades; at the same time transportation performance has risen by about the same degree. In recent years the new BLUETEC diesel technology generated further significant progress in the form of 2 to 5% lower fuel consumption, which, depending on type of use, translates into 1,500–2,000 fewer liters (400–530 USgal) of diesel per truck and year.	Goal still applies.	26–33, 42
Commercial vehicles: Introduction of various hybrid solutions to be offered either individually or in combination, depending on vehicle class, type of use, and customer requirements beginning in 2007.	// Mercedes-Benz Atego BlueTec Hybrid has been undergoing a fleet test at Deutsche Post DHL since early 2009; innovation fleet to be introduced at end of 2010. // Launch of customer testing of Mercedes-Benz Citaro G BlueTec Hybrid city bus in late 2009; test of approximately 30 Citaro G BlueTec Hybrid buses in daily operation in selected model regions in 2010. There are currently more than 4,000 Daimler hybrid trucks and buses on the road worldwide in day-to-day service. Along with Orion hybrid buses, our customers are using Fuso Canter Eco Hybrid trucks, second-generation Fuso Aero Star Eco Hybrid buses, and M2e Hybrid trucks from Freightliner.	Goal still applies.	29–33, 42

Goals	Activities/status	Goal attainment	Page
Continual reduction of fuel consumption and emissions to the point of emission-free driving with battery-electric and fuel cell vehicles. The key aspect here is to quickly make such vehicles suitable for series production, particularly with regard to vehicle range and battery life.	// Production launch of smart fortwo electric drive in fall 2009: 1,000 vehicles are initially being tested in mobility projects in major European and U.S. cities; starting in 2012 this electric vehicle will be available to all customers. // Small-batch production of purely battery-powered electric Mercedes-Benz passenger cars to start in 2010. // Small-batch production of B-Class FCELL launched in late 2009. Delivery to customers in Europe and U.S. commenced in January 2010. // Mercedes-Benz Citaro FuelCELL Hybrid bus on the road in fleet test in Hamburg from 2010 on	Goal still applies.	➔ 29, 32

Energy consumption and CO₂ emissions from production operations.

Continual reduction of specific CO ₂ emissions from production operations, to result in 20% lower emissions in 2015 as compared to 2007.	The ongoing projects to boost energy efficiency while at the same time reducing CO ₂ emissions are effective and have considerably helped to cut total CO ₂ emissions by almost 16%. However, they were not able to offset the increase in specific CO ₂ emissions, due to the substantial drop in production in 2009, and in particular the fact that output at Vans and Daimler Trucks was cut in half. The non-production-related share of energy consumption (infrastructure, administration, and development) is becoming increasingly important, as a result of which CO ₂ emissions per vehicle manufactured increased by 19% at Mercedes-Benz Cars, and by 35% at Mercedes-Benz Vans between 2008 and 2009. Specific CO ₂ emissions at Daimler Trucks rose by 47% during the same period.	Goal still applies.	➔ 36–39
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Pollutant emissions of the new-vehicle fleet.

Passenger cars: Introduction of additional BLUETEC models in 2009.	// The GL 350 BlueTEC 4MATIC, ML 350 BlueTEC 4MATIC, and R 350 BlueTEC 4MATIC models, which have also been available in Europe since the fall of 2009, already comply with the Euro 6 emission limits, which will go into effect in 2014. // The E 350 BlueTEC was also launched on the market in the fall of 2009.	Goal attained.	➔ 43
Commercial vehicles: Cutting NO _x emissions via the series-production launch of BLUETEC in Mercedes-Benz trucks and buses sold in Europe, and advance compliance with the Euro IV emission standard (valid from October 2006) via BLUETEC 4 and with Euro V (valid from October 2009) via BLUETEC 5.	Daimler has delivered more than 260,000 Mercedes-Benz trucks and over 23,000 Mercedes-Benz and Setra buses with BLUETEC diesel technology to customers since the beginning of 2005. More than 90 percent of these vehicles comply with the EU's Euro V emissions standard.	Goal attained.	➔ 43
Passenger cars: Early compliance with the Euro 6 standard by 50% of all Mercedes-Benz and smart new vehicles in Europe by the end of 2014.	Enhancement of the engines and the existing technologies for emission reduction in gasoline and diesel-powered vehicles in order to comply with the emission limits	New goal	➔ 43

Safety.

The objective is to gradually increase the share of heavy-duty trucks in the short-range distribution and long-distance transportation that are equipped with assistance systems. For example, today 10% of vehicles are equipped with Active Brake Assist; we would like to double this figure by 2015.	Package deals such as the Safety Pack Classic and the Safety Pack Top cut the cost of buying assistance systems in commercial vehicles by about one-third compared to buying the systems individually. Various insurers offer lower premiums for trucks that have installed these safety systems. In some cases employers' liability insurance associations are also providing direct subsidies.	New goal	➔ 33–36
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04 Employees

How can we ensure that we are perceived as an attractive employer?

By fostering the abilities and expertise of each individual and by utilizing the potential generated through diversity, equal opportunities, and personal development. The consistent application of these principles in the areas of healthcare, occupational safety, and new employee recruitment plays a key role in making us a future-oriented company that can rely on the loyalty and dedication of its entire staff.





Safeguarding jobs at Daimler



Daimler, like the automotive industry as a whole, had an extremely difficult year in 2009. Alongside the efficiency programs it had already introduced at all business units, the Group was compelled to implement measures to lower labor costs. To this end, Daimler introduced short-time work at its passenger car plants at the start of the year. Similar programs were implemented in the spring at the company's commercial vehicle plants, which had initially reacted to declining sales by depleting their overtime accounts.

Daimler launched the company's first package of labor cost-cutting measures in February 2009. These measures primarily consisted of limiting wage and salary increases in arrangements subject to collective bargaining agreements, discontinuing benefits such as the employee share program, and significantly reducing expenditure for consultation and travel.

On May 1, 2009, we also defined further measures with the Employee Council within the framework of the Reduction of Labor Costs to Safeguard Employment agreement. Accordingly, all employees not included in short-time work arrangements had their working hours reduced by 8.75 percent without compensation. To stabilize Group liquidity, the agreement also stipulates that profit-sharing payouts for 2008 be issued at a later date. It was further agreed that all apprentices would be offered employment contracts with a 28-hour working week; 80 percent of them were given permanent contracts and the other 20 percent received contracts limited to one year, as well as support for reorientation outside the company.

The central element of the agreement, which is valid until June 30, 2010, safeguards the jobs of all Daimler employees. The company has thus responded to the crisis without active layoffs. It has also been able to offer further professional training to employees subject to short-time work arrangements within the framework of programs provided by Germany's Federal Employment Agency. To ensure a sufficient supply of young talent and to safeguard its future, Daimler will continue to hire skilled young professionals, although in lower numbers. Improved earnings in the second half of 2009 show that the measures are having the desired effect.

25 Total workforce by region and division

Year-end status	2008	2009	Year-end status	2008	2009
Africa	7,190	6,059	Mercedes-Benz Cars	97,303	93,572
Asia	20,071	18,863	Daimler Trucks	79,415	70,699
Australia	1,279	1,203	Daimler Financial Services	7,116	6,800
Europe	199,032	192,199	Mercedes-Benz Vans	16,775	15,226
of which in Germany	167,753	162,565	Mercedes-Benz Buses	18,110	17,188
North America with Mexico	29,178	23,221	Sales & Marketing	49,127	47,625
South and Central America	16,466	14,862	Other	5,370	5,297
			Total workforce	273,216	256,407

256,407 Total workforce as of December 31, 2009

1.0 Workforce

1.1 Workforce development. In 2009 we adjusted our human resources capacities in line with the considerable decline in demand. Compared to the total at the end of 2008, the number of employees worldwide on December 31, 2009 decreased to 256,407 (end of 2008: 273,216). Of these, 162,565 were employed in Germany (2008: 167,753), 17,697 in the U.S. (2008: 22,476), 14,152 in Japan (2008: 15,490), and 13,088 in Brazil (2008: 14,107). The number of trainees at the end of 2009 was 9,151 (2008: 9,603).

Daimler Trucks bore the brunt of the workforce reductions: Of the total decrease of 8,716 employees, Trucks NAFTA alone accounted for 5,315. But reductions also took place at the other divisions: At Mercedes-Benz Cars the workforce was reduced by 4 percent, at Mercedes-Benz Vans by 9 percent, and at Daimler Buses by 5 percent. In the Sales Organization and at the Daimler Financial Services division, the workforce was reduced by 3 percent and 4 percent respectively.

1.2 Fluctuation. The Group's worldwide employee fluctuation rate in 2009 was 9.7 percent, an increase of 3.2 percentage points from the prior year. The fluctuation rate in Germany was 4.1 percent (2008: 3.2 percent), while in the U.S. it was 35.8 percent (2008: 18.9 percent), and in the rest of the world 15.0 percent (2008: 9.4 percent). These figures include human resources measures such as early retirement, voluntary severance agreements, part-time early retirement contracts (especially in Germany), and layoff contracts in the U.S. At 8.5 percent, the worldwide fluctuation rate for female employees remained unchanged from the 2008 value.

1.3 Flexible use of human resources. After reacting in 2008 to the decline in demand by depleting work-time accounts and reducing the number of temporary workers, further measures were required in 2009, including short-time work arrangements. During the course of 2009 short-time work was announced for all passenger car, truck, and van plants in Germany in response to the falling demand for vehicles. At the end of 2009 short-time work was in effect for 27,498 Daimler AG employees, and a total of 86,992 people were affected by reduced working hours. As a result of a rise in demand we have reduced short-time work in the passenger car business.

1.4 Separation management. The end of an employment relationship is frequently associated with emotional distress. Daimler uses the "outplacement" instrument to support various employee groups during professional reorientation and has reduced the impact and inherent dynamic developments associated with the separation

process while simultaneously opening up new perspectives.  A

1.5 Employee satisfaction. Regular surveys of employee satisfaction are a proven instrument when it comes to organizational and management development at Daimler. Employee surveys are conducted throughout the entire Group, in Group companies (e.g. worldwide for about 10,000 Daimler Financial Services employees in the fall of 2008), and also in individual corporate units (e.g. North-East Asia for some 1,500 employees in the fall of 2008 and at Daimler Trucks North America for 15,000 employees in the fall of 2009).

In March 2008 we released the results of the most recently conducted Group-wide survey. The main focus of this survey was an evaluation of our employees' feelings of commitment to, and identification with, the company. The survey was carried out using a globally standardized method and a representative sampling. It also assessed employees' satisfaction with their work situation and supervisors, as well as their general knowledge of our corporate values and compliance regulations in connection with their daily work. Special attention was paid to the responses from executives concerning these legal and ethical issues. The very high level of our managers' identification with compliance regulations throughout the world demonstrated their strong ethical awareness. In addition, all of our employees confirm their implementation of the company's values on a day-to-day basis.

Daimler uses the Global Human Resources Scorecard to measure employee commitment, with values ranging from zero to 100. The Employee Commitment Index (ECI) value of 58 from March 2008 indicates a very homogeneous result that corresponds to the average in external comparisons. The results of the survey section on satisfaction with work situations and supervisors were generally positive.  B

A Group-wide follow-up survey planned for May 2009 was postponed by the members of the Board of Management due to the impact of the global financial crisis. This step was taken because of concerns that it would be impossible to generate meaningful or reliable findings given the feelings of uncertainty among employees and the public in general and the risk of basing conclusions on rapidly fluctuating moods. Plans now call for the next Group-wide employee survey to be conducted – assuming the Board of Management approves – in the fall of 2010. This new survey will allow in-depth assessment of the success of the measures implemented worldwide.

1.6 Retirement benefits. A sound financial base, coupled with commitments appropriate to the risk, forms



26 Provisions for retirement benefits and healthcare

2007		€3.9 billion
2008		€4.1 billion
2009		€4.1 billion

All data acc. to IFRS



27 Areas of activity related to demographic developments at Daimler AG

Corporate culture and leadership process	▶	– “Demography/generation management” as an element of diversity – Management workshops
Work organization, use of human resources	▶	– Job rotation to reduce stress – Active control of age structures by considering age during transfer programs – Demography-oriented working hours in services collective agreement
Workplace design/ergonomics	▶	– Ergonomics initiative – Application of ergonomics evaluation process in product planning and series operations – Training of employees in ergonomic behavior (e.g. use of assembly cube)
HR resource management, safeguarding expertise	▶	– Analysis of the workforce structure with respect to aging-related effects – Implementation of targeted measures from the analyses to HR resource management – Transferring expertise
HR development	▶	– Implementation of skills management systems – Annual discussions with managers on requirement-oriented professional development
Health management	▶	– Application of the company health promotion program portfolio – Standard integration management process
Separation instruments	▶	– Requirement-based application of pre-retirement part-time work and early retirement



More about professional separation management:

[Online 401](#)



More about the measures resulting from the survey findings:

[Online 402](#)



For further information, please enter the corresponding number into the search field at

<http://sustainability.daimler.com>

the foundation of Daimler's provisions for a secure retirement, or for the event that employees become unable to continue working. Our "Global Pension Guidelines" outline how these aims can be achieved. A special governance structure controls the Group's worldwide pension plans. Any Group company wishing to change an existing pension plan or introduce a new one must obtain approval to do so from the Global Pension Committee. In 2008 the latter body confirmed the compatibility of the Daimler Vorsorge Kapital system – the new pension plan for employees subject to collective bargaining agreements – with the Global Pension Guidelines. As of January 1, 2009, this corporate pension plan for employees subject to collective bargaining agreements, which consists of pension accounts and annual modules, was restructured in line with future requirements.

1.7 Demographic challenges. The average age of Daimler employees will rise in the next ten years from age 42 today to 47. The reasons for this are the age structure of the company and changing general conditions such as retirement at age 67 and the elimination of subsidies for part-time work by employees approaching retirement. The changed age structure is leading to several strategic challenges for our human resources management.  27

We are addressing the identified challenges at an early stage by means of targeted measures in defined areas. The objective is to systematically make use of the opportunities resulting from demographic change and to prevent or minimize possible risks. In the future, we aim to ensure that the individual measures of our ongoing activities in these areas will be even better networked and integrated. 

2.0 Workforce and management relations

2.1 Dialogue with employee representative interest groups. Daimler maintains close cooperation with employee representatives in works councils and trade unions. The main bodies here are the World Employee Committee (WEC), which was formed in 2002, and the European Works Council, which dates back to 1996. Ninety percent of Daimler employees are subject to collective bargaining agreements, and their interests are represented by the works councils at the locations and by the General Works Council. Although at some Group companies in Germany there is no requirement to adhere to collective bargaining agreements, the employees at these companies have elected works councils that act in the interests of the employees, in keeping with German co-determination law. At the company level, the employees' interests are represented by ten Supervisory Board members, in accordance with the

law. Since 2009 a representative of the General Works Council has been providing support for the HR CSR Committee that was created in the HR department.

Daimler recognizes the right of workers to organize themselves in trade unions in accordance with the labor laws of each country. The Group also ensures that freedom of association is guaranteed at its facilities, even in countries that do not explicitly grant such freedom. This is laid out in our Principles of Social Responsibility, which include all ten principles of the Global Compact.

Daimler reports regularly to the WEC on any violations of these principles. In 2008 we restructured the procedure for dealing with complaints regarding violations of the principles, and we also redefined areas of responsibility with the Procurement department, which we inform of any such violations on the part of our business partners. We also expect our business partners to implement similar principles of social responsibility. 

2.2 Performance and remuneration. At Daimler we believe in a remuneration policy that is both economically acceptable and attractive – one that's in tune with the times but doesn't blindly follow short-term trends. Our approach here involves a combination of short and long-term remuneration components and additional bonuses. A framework of guidelines – for example, concerning variable remuneration or important additional bonuses – has been designed to securely anchor the company's goals throughout the entire Group.

In general, we reward our employees' work – in line with local conditions – by means of demand-based and performance and success-oriented compensation. Binding Group-wide guidelines are utilized for the remuneration of employees assigned abroad, as well as for retirement benefits. This system ensures that we remain competitive and attractive in diverse markets without having to sacrifice the use of standardized control instruments. Since 2009 the provision of company cars has been governed by uniform regulations. The corporate guideline here, which is in effect worldwide, is intended to ensure that a company car in any company is provided in line with clear, understandable regulations and that the lines of responsibility for providing the car are made perfectly clear.

A uniform worldwide system is used for the remuneration of managers. Monetary remuneration consists of both base and variable elements, with the rate of the variable compensation growing in line with a manager's increased level of responsibility. 

Remuneration for employees subject to collective bargaining agreements is based on regional or national agreements such as wage and salary contracts. All of the Group's employees covered by collective bargaining



More about HR resource management and areas where there is need for action:

[Online 403](#)



More about our sustainability guidelines for suppliers:

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More about management remuneration:

[Online 404](#)



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Mr. Porth, in 2009 you took over as the Director of Human Resources in the midst of a difficult situation.

Wilfried Porth: Obviously I would have liked to start my new job under different circumstances, but the fact is that all of us had to deal with the difficult economic situation and all of the consequences it had for our company. That's why we agreed on a package of measures with the General Works Council in the spring of 2009. Among other things, we reduced the working hours of those employees not subject to short-time work arrangements and postponed wage increases from the collective bargaining agreement for five months. This enabled us to achieve short-term labor-cost savings of two billion euros. In return for these concessions, management agreed to forgo layoffs for reasons of business operations for all employees until June 30, 2010.

How did the workforce react to the dramatic cutbacks?

Porth: I'm very aware of the fact that our employees' contribution was painful. However, numerous discussions with our people have shown me that many of them accept and understand what we had to do, and I very much appreciate that. I'm certain that we will be able to harmonize company and employee interests in the future as well. Nevertheless, we still have to deal with the changes occurring throughout the global automotive industry, and ultimately only successful companies will be able to safeguard their employees' jobs.

If Daimler is to be prepared for the future, it also needs to make decisions that will be criticized, like the move to restructure production operations for the Mercedes-Benz C-Class. At the same time, the company must make sure it doesn't jeopardize its standing as an attractive employer. How does Daimler deal with this dilemma?

Porth: The restructuring of production actually makes us an even more attractive employer because it increases our competitiveness and allows us to profit from growth opportunities outside of Western Europe. We've also provided good employment opportunities to people at the Sindelfingen plant who were affected by the move, as various measures led to the creation of around 2,000 alternative jobs. We did this by increasing vertical integration, incorporating new technologies into the plant, and establishing employment opportunities in Research and Development, for example. These measures enable us to guarantee there will be no layoffs for reasons of business operations until the end of 2019.

What role does sustainability play in Daimler's HR management approach?

Porth: Our HR management system is geared toward the long term, which means our management process addresses the most important challenges we face as an employer that focuses on the future. Two of the biggest challenges are the demographic transformation of our workforce and the need to provide our employees with professional training and continuing education opportunities, especially in view of the technological changes now under way. Equal opportunity and diversity, the work-life balance, preventive health programs, occupational safety, and maintaining our attractiveness as an employer are also key issues.



“I’m certain that we will be able to harmonize company and employee interests in the future as well.”

Interview with Wilfried Porth

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

And you're continuing to work on these even during the crisis?

Porth: Yes. For example, we are also continuing our strategy of promoting talented young individuals in the current crisis, which is why we're offering several hundred young men and women an opportunity to enter the company via our CAREer trainee program this year. We still account for around 40 percent of all trainees working for German automotive manufacturers; last year, 2,300 young men and

"We will continue to safeguard and enhance our expertise in green technologies in the coming years. Between 2010 and 2013, for example, we expect to provide professional training in line with specific needs to around 32,000 employees in Germany and another 21,000 people worldwide."

women started their professional careers at Daimler. Continuing education and training were also addressed in 2009 — for example, through our "Training During Short-time Work" program, which takes advantage of the reduced working-hour situation by providing training opportunities. This will enable us to emerge from the crisis even stronger, while also generating added value for the company and every employee over the long term.

Today's generation of employees is very committed to their jobs. At the same time, employees have goals for their private lives and therefore expect their companies to offer employment models that enable them to achieve these objectives. What is Daimler doing to meet this need?

Porth: We understand the importance of this issue, and we already offer a whole range of programs that include different working time models, teleworking, the "sternchen" daycare centers, and our SG Stern sports club. We've also initiated a research project known as "Work-life Balance" in cooperation with Heidelberg University.

The goal of this project is to determine how we can further strengthen the balance between work and private life while also safeguarding the performance capability of our workforce over the long term. I am convinced that the results of this research project can provide an important contribution to improving our work in this area.

How would you assess the current situation regarding the recruitment of skilled professionals and managers?

Porth: Things have quieted down somewhat at the moment because not all companies are actively recruiting. Nevertheless, in some cases it's still difficult to attract the most talented young professionals. The competition for specialized professionals, particularly engineers, will become even more international, as well as more intense, over the next few years. That's why it's important for us to present ourselves as an attractive employer to high school and college students and university graduates.

Daimler is investing heavily in new sustainable technologies, and this will lead to changes in the qualifications the company's employees need to have. How will that affect your HR management approach?

Porth: Green technologies offer our company tremendous opportunities, and we need to take advantage of them. Among other things, this involves making sure our training programs keep pace with technological developments. A look at our product portfolio for the next three to five years shows that we need to take action here. In any case, our employees will be the key factor for our success in assuming green technology leadership, and we as the employer must provide the appropriate support. We're working very hard on that in terms of development activities within the framework of the Technical Academy, and we've adopted a similar approach with regard to production, sales, and Group-wide training as provided by our Corporate Academy.

What does this mean specifically with regard to training in new technologies?

Porth: Our "Green Qualification" program includes customized training measures for all employees throughout the entire Group. These measures range from training and information events to specialized workshops with experts. We will continue to safeguard and enhance our expertise in green technologies in the coming years. Between 2010 and 2013, for example, we expect to provide professional training in line with specific needs to around 32,000 employees in Germany and another 21,000 people worldwide.

"We are also continuing our strategy of promoting talented young individuals in the current crisis."

agreements also receive full compensation for their mandatory and completed overtime. In the past three years we have adopted ERA, a new and modern remuneration system that was originally developed for workers in the metalworking sector in the German state of Baden-Württemberg. The new system eliminates the distinction between hourly and salaried employees. The company-owned sales and service outlets throughout Germany are to conclude its implementation for all Daimler locations by July 1, 2010. The base wage determined by collective bargaining agreements will be paid at all locations in accordance with the uniform scale specified in the agreements. On the basis of this base wage, a remuneration component of the collective bargaining agreement with a total volume of 15 percent will be paid. The exact amount of the performance-based component is determined for most employees in an annual review carried out on an individual basis and within the framework of our NAVI leadership assessment process. Daimler now pays supplemental wage or salary components to ensure that no one in the workforce is disadvantaged by the introduction of ERA.  A

In a situation marked by difficult market and competitive conditions, Daimler reached a Group-wide agreement with the General Works Council in 2008 that addresses the goal of safeguarding the future of Group sales outlets – i.e. the part of our sales network owned by Daimler AG. The agreement outlines measures for improving the long-term competitiveness of such dealerships and protecting the jobs they currently offer. Among other things, the measures call for all employees at the dealerships to help boost efficiency. In return, Daimler has agreed to forgo job cuts and to guarantee that its dealerships will remain within the Group even after the “Safeguarding the Future 2012” agreement expires.

2.3 Management development. All of our managers worldwide and about half of our employees subject to collective bargaining agreements in Germany are annually provided with assessments and career development proposals as part of the LEAD management development process. These measures help us develop managers who possess the business and personal skills that are required for their leadership tasks at all levels of the Group.  B

3.0 Vocational training and advanced professional development

Highly trained employees are a prerequisite for any company that intends to satisfy its customers by providing excellent products that meet the world's highest standards. This is why we consider training provided by the company to be an investment in our company's future and a starting point for lifelong learning. At the end of

2009 Daimler had 9,151 trainees worldwide (2008: 9,603, 2007: 9,300) We accepted 2,341 trainees in Germany last year (2008: 2,500, 2007: 2,600).

The Daimler training system (DAS). A holistic approach to vocational training, such as the one we use with the Daimler training system (DAS) launched in 2008, enables our employees to master current and future challenges and thus contribute to the company's success. The initial objective of the DAS was to boost the quality and efficiency of technical vocational training at Daimler plants in Germany. Today we are planning to also establish the concept for the Sales & Financial Services. Here, standards for commercial vocational training will be included for the first time. We are also introducing DAS as the Daimler Vocational Training System (DVS) for vocational training at locations abroad.  C

Investments in vocational training and advanced professional development. In 2009 in Germany alone, Daimler invested €207 million in vocational training and advanced professional development (2008: €270 million, 2007: €213 million). Each employee received 2,4 days of training on average throughout the year (2008: 4.4 days per year).

Lifelong learning and learning on demand. Lifelong learning at Daimler is a process that accompanies an individual's entire career at the company. In this context, “learning on demand” plays a very important role. Daimler makes it possible to engage in learning that is not restricted by location and time factors. This enables the employees and the company to achieve the flexibility they need in order to take on new challenges, while ensuring that employees can continue working over the long term. We are engaged in a number of projects that allow continuous learning that is not hampered by location and time considerations. We have made Daimler's PLS Production Learning System, which was introduced in 2004 at our truck plant in Mannheim, Germany, the standard training system at truck locations worldwide.  D

Qualification in times of crisis. We are continuing the training programs for our employees despite the difficult business climate. In addition to general training offerings, employees with short-time work can improve their qualifications in programs designed specifically for them and thus gain certificates, from chambers of industry and commerce, for instance. By the end of 2009, over 5,000 employees at the locations in Germany had taken advantage of this opportunity during a total of about 13,500 days of training.

Training campaign in green technologies: New technologies are becoming increasingly important, and not only in vocational training; our core workforce also



More about remuneration in accordance with the collective agreement:
[Online 405](#)



More about LEAD:
[p. 21](#)



More about DAS and international training:
[Online 406](#)



More about the PLS:
[Online 407](#)



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28 Key health management figures

	2007	2008	2009
Company health promotion programs			
Health training courses offered:			
– Shift workers	1,296	984	670
– Management staff	645	396	330
– Senior management staff	140	128	72
Offers of periods of health treatment:			
– Shift workers	250	263	111
– Management staff	200	166	89
– Senior management staff	50	15	0
Corporate medical service			
Office hours	31,015	31,408	24,769
Preventive medical check-ups	44,043	43,277	36,195
Corporate social counseling			
Social counseling contacts	4,600	4,770	4,499
Other			
BKK members	158,400	164,556	167,581
SG Stern members	33,000	34,540	35,300

36,195 Preventive medical checkups in 2009

29 Proportion of women employees at Daimler

in %	Status Dec 31, 2007	Status Dec 31, 2008	Status Dec 31, 2009	Target corridors in the agreement (2006 – 2010)
Workforce	12.0	12.2	12.4	12.5 – 15
White collar	24.0	24.1	24.2	–
Trainees	19.4	20.2	20.7	20 – 24
Commercial-technical training	10.6	11.2	11.7	11 – 14
Level 4 management	10.6	11.2	11.7	10 – 14

11.7% Proportion of women in Level 4 management positions

needs to acquire the skills needed to work with these technologies. With this in mind we have initiated a wide array of projects at the divisions.  A

CAREer training program for college graduates and young professionals. Thanks to “CAREer – The Talent Program,” which we offer to college graduates and young professionals, several hundreds of college graduates were able to kick off their careers with top-class entry-level positions in 2009.  B

Daimler Corporate Academy. The Daimler Corporate Academy combines programs for leadership and management qualification at all levels worldwide, with specialist qualifications for the functions of Finance, Procurement, and Human Resources. It also offers interdisciplinary qualification programs in Germany. The academy makes it possible for us to provide education and training to employees around the world using efficient teaching architectures based on uniform Daimler standards. The consolidation of all activities in the Daimler Corporate Academy also expands the range of programs on offer, while significantly reducing the outlay required for external service providers.

Relying on internal resources, Daimler ensured that its employees received basic training in 2009, despite the difficult conditions in the automotive industry and related budget restrictions. The need for training courses was covered for the most part, and the number of courses was reduced due to restrictions on business travel. Some 2,000 managers from more than 60 locations participated in leadership qualification programs in 2009, and about 5,000 employees received training in Finance, Human Resources, and Procurement. Approximately 360 interdisciplinary qualification events in Germany attracted more than 3,000 participants. For 2010 we expect to see a reduced number of training measures on a scale similar to that of 2009. This is why we will concentrate on new learning formats that correspond to the cost situation and exploit new technologies to a greater extent.

Manager qualification programs are an integral element of human resources development. Every year the Daimler Corporate Academy offers an integrated, comprehensive overall program. As a result, regardless of their location, all managers worldwide can participate in training programs with identical content and quality. What's more, they can do so in their own language. For example, the roughly 600 managers promoted to Level 4 positions each year participate in the same standardized program to prepare them for their new roles and assignments. At the same time, regional considerations and division-specific issues are taken into account within the framework of “Division Day” events. As a consequence, the benefits of the previous programs conducted specifically at the divisions and at headquarters can be re-

tained. The programs in question provide information relevant to the issues of diversity, the corporate values, and compliance, thus ensuring that newly appointed managers are especially well versed in such matters.

As a member of the Globally Responsible Leadership Initiative (GRLI), the Daimler Corporate Academy plays an active role in further developing requirements and learning concepts for the next generation of leaders, who will be required to act according to a sense of global responsibility. This commitment helps us shape the future development of our company's executives because we can consistently integrate the results of our work with the GRLI into our Daimler leadership programs.

Another example is our worldwide coaching pool. This pool, in which internal and external coaches are registered, ensures the rapid global availability of coaches, standardized quality assurance, and greater transparency regarding contractual conditions. Despite centralization, contact partners at the various local human resources departments remain available.

Specialized qualification programs worldwide and interdisciplinary qualification programs throughout Germany. The results of a strategic analysis of our requirements were used in 2009 to draw up an overall program for employees and managers from the Finance, Procurement, Human Resources, and Compliance functional units who were to receive training. The international scope of the program, which is available in several languages, will also be expanded in 2010, when finance, procurement, and human resources training will be offered to more and more employees in Japan, China, and the U.S.

4.0 Occupational health and safety

Daimler management and the World Employee Committee have developed standardized principles for occupational health and safety at all Group locations worldwide. These principles are based on legislation in each country and on the International Labour Organization's (ILO) guidelines for occupational health and safety (ILO/OSH-MS 2001). Their implementation is the responsibility of the Group-wide Health & Safety unit, which addresses all issues related to maintaining and promoting good health, occupational medicine, occupational safety, company programs to promote better health, ergonomics, social counseling, and integration management. The unit's annual "Health & Safety Report" describes in detail the occupational health and safety activities carried out throughout the year. The publication also contains all key health data for the previous year, as well as information on Group-wide health and safety measures and reports from national subsidiaries.  

In 2009 Daimler was again honored several times for its exemplary commitment and holistic approach to health management. We received the Corporate Health Award in recognition of the company's commitment to safeguarding its employees' health and performance, as well as its approach to sustainable HR management. The award is presented under the auspices of a nonprofit initiative by *Handelsblatt* – a business publication – TÜV SÜD Life Service, and EuPD Research. In addition, the "Move Europe" campaign presented Daimler with the "Company Health Award." In 2009 we also used our international health management system to further network our locations worldwide and exchange best practice concepts.

Occupational accidents. Daimler has significantly reduced the number of accidents at its locations in Germany over the past few years. Despite many production start-ups involving changed work processes – and therefore harboring a higher accident risk – accident frequency fell by about 25 percent (from 17.9 to 13.5 cases¹) and accident tension by around 29 percent (from 181 to 128 lost working days²) over the period from 2004 to 2009.

5.0 Diversity

As a globally operating company, Daimler values the diversity of its employees and the variety of their personal skills, talents, and capabilities. Our diversity management system is designed to exploit such employee differences for the success of the company. Our goal is to become one of the most highly respected automakers in Germany with regard to diversity management by 2010. We are also seeking to increase the proportion of women in senior management positions to 20 percent by 2020.

We believe diversity management means further integrating a heightened awareness of the importance of a diverse workforce into our corporate culture. It also commits us to promote diversity and make use of its benefits. In response, we therefore analyze pertinent data and facts, define strategies, and develop appropriate measures. Using this approach, we decided to focus initially on promoting women in management positions (gender diversity). In the future we will continue to focus on this area and work toward our goals by means of tried and tested measures. The time has come, however, for us to turn our attention to other topics, such as generation management and international scope, and to emphasize these issues even more strongly in our corporate culture. This is why we are applying a combination of measures encompassing not only activities to promote opportunities for women but also initiatives for all managers and the workforce as a whole.  



More about the Technical Academy:
[Online 408](#)



More about CAREer:
[Online 409](#)



Our Health & Safety Report, and key related data and projects:
[Online 410](#)



More about diversity:
[Online 411](#)



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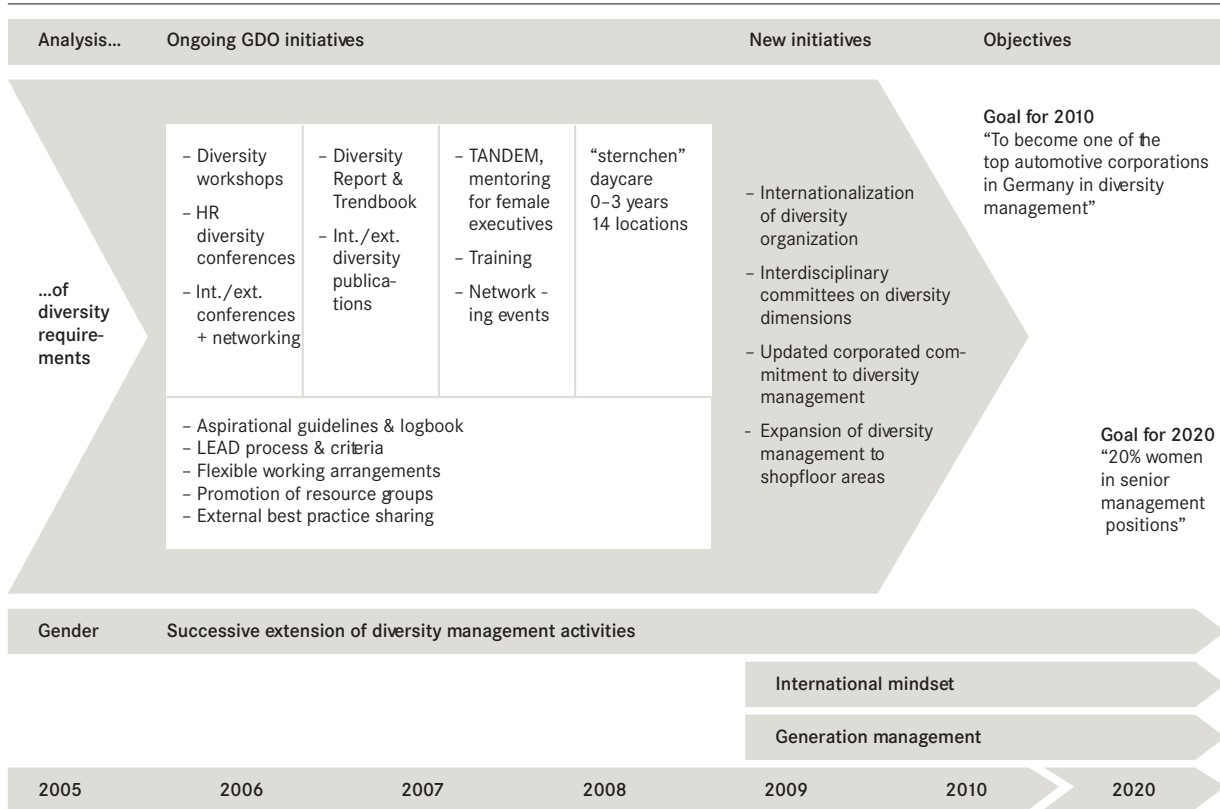


about 25%

reduction in the frequency of accidents since 2004

¹ Cases per 1 million hours of attendance examined by an accident insurance consultant and resulting in at least one lost working day, with reference to employees in production or in production-related areas

² Working days lost due to accident per 1 million hours of attendance, with reference to employees in production or in production-related areas

 30 **Global Diversity Office (GDO): Initiatives since 2005, outlook**


20% women in senior management positions by 2020



Dr. Beate Feuchte

is a member of the CSR project team at the
Hans Böckler Foundation

External statement

Hans Böckler Stiftung

Fakten für eine faire Arbeitswelt.

The Hans Böckler Foundation deals with co-determination, research linked to the world of work, and the support of students on behalf of the Confederation of German Trade Unions (DGB). The foundation promotes co-determination as a key principle of a democratic society and seeks to expand the scope of co-determination wherever possible.

 More information:
www.boeckler.de

Daimler has acted in a very socially responsible manner during the economic crisis. The Reduction of Labor Costs to Safeguard Employment agreement between the Employee Council and management protects all employees, including those not covered by the Safeguarding the Future 2012 agreement, against termination of employment for reasons of business operations until June 30, 2010. The agreement calls for lowering personnel costs by collectively reducing the working hours of employees not subject to short-time work arrangements by 8.75 percent. The workforce is also making an important contribution to stabilizing liquidity by agreeing to postpone the 2008 profit-sharing payout for employees covered by collective bargaining agreements. The Supervisory Board, Board of Management, and top Group executives are contributing as well by agreeing to cuts of as much as 15 percent to their monthly basic salaries. The agreed-upon evaluation of an innovative employee equity scheme concluded that such a model would not be attractive under the present circumstances, especially those related to tax policy.

The issuing of part-time employment contracts to all apprentices in the summer of 2009 is especially commendable in view of the sharp decline in earnings due to the crisis. The 20 percent of apprentices who would normally not be needed by the company, but who were taken on nevertheless, have been given one-year contracts and are being assisted with their search for future employment. The Employee Council believes that the plans for transferring production of the C-Class from Sindelfingen to Bremen and the U.S. put as many as 3,000 jobs in jeopardy. Among other things, management's pledge to exclude layoffs in Sindelfingen for reasons of business operations until 2020 avoided a potentially huge conflict between the Board of Management and the workforce. This long-term exclusion of layoffs combined with a coherent personnel policy must be assessed positively. The transfer of Mercedes SL assembly operations out of the Bremen plant (approx. 1,000 jobs) is being accompanied by additional measures (e.g. insourcing, creation of jobs in new technology fields etc.) that will safeguard around 2,000 jobs, whereby the effect these measures will have on suppliers is not yet known.

With regard to diversity, it should be noted that an agreement reached back in 2001 defined targets for the proportion of women in positions subject to collective bargaining agreements. The company has been monitoring developments here through a special controlling system. The Group has also defined targets for the proportion of women in management positions; such a policy is by no means a matter of course at publicly listed companies in Germany. Improvements still need to be made in technical fields, however. Along with Daimler's successful Girls' Days and high-school student internships, the company is now more actively approaching young female high-school students in an attempt to interest them in technical training programs. Daimler will also offer mentoring programs to young female skilled workers in order to increase the share of female supervisors at Daimler's plants. Despite various flexible working-time opportunities, part-time employment can still be detrimental to career development. The company's efforts to make managers more aware of the relevance of diversity, and thus make diversity a firm component of Daimler's corporate culture, are laudable, but they need to be stepped up. An important foundation has already been laid here with the establishment of daycare centers at Group plants.

The Sustainability Guidelines established by the company in 2008 solidify the Principles of Social Responsibility (an international agreement based on the ILO's labor standards and guidelines related to environmental protection and anti-corruption) and ensure that they are communicated to suppliers. Unfortunately, employee representatives were not included in the guideline creation process, which means the expertise they had gained through the development and implementation of the guideline concepts could not be exploited. It also seems very important that the Group speak clearly and with one voice on issues related to human rights and fundamental workers' rights. All company regulations pertaining to such issues should therefore be precisely aligned with one another.

Dr. Beate Feuchte
Düsseldorf, January 2010



Our responsibility as an employer: Activities and goals

As a globally operating company, Daimler is responsible for more than 250,000 employees worldwide. During the crisis year 2009, one of our major concerns was to retain our existing workforce and thus the expertise available within the company. We are not only continuing our activities in the areas of diversity management, demography management, and healthcare, but also developing them further. We are utilizing strategic HR management to safeguard our company's future. This process includes a program of requirement-oriented training, professional development, and targeted measures to develop talent.

Goals	Activities/status	Goal attainment	Page
Diversity: Focus on women.			
Safeguarding the recruiting and promotion of talented new employees.	In 2009, several hundred college graduates and applicants with initial professional experience were hired through the Group-wide CAREER talent program. The hirings were focused on the group's strategic core fields. In 2010, several hundred college graduates will also be recruited worldwide for CAREER.	Goal still applies.	➔ 56
Increasing the share of women in senior management positions throughout the Group by one percentage point per year, leading to a 20 percent share of women in such positions by 2020.	// Mentoring programs for supporting women in management positions with their career planning. // Diversity workshops for raising gender diversity awareness among all managers. Achieved in 2009: Women occupy about 8.0 percent of senior management positions.	Goal still applies.	➔ 57
Increasing the proportion of women in management positions.	// Mentoring program for female office staff. // Targeted recruitment of women for CAREER. // Company agreement with a target corridor of a 10–14 percent share of women by 2010. Achieved in 2009: 11.7 percent (2008: 11.2 percent) women in mid-level management positions (Level 4).	Goal still applies.	➔ 57
Increasing the proportion of women in the workforce.	// Announcements at marketing and information events that applications from girls and young women are encouraged. // Clear communication with girls and young women via marketing materials. Recruiting events for college graduates. Girls' Day and Girls' Week for generating interest in technical fields among girls and young women. // Internal and external communication of all of these measures. Achieved in 2009: Increase to a 12.4 percent share of women in the workforce (2008: 12.2 percent), and to a 20.7 percent share of women among trainees (2008: 20.2 percent) relative to the preceding year. Target corridors for 2010 as stated in the company agreement: Total workforce: 12.5–15 percent; trainees 20–24 percent, technical training: 11–14 percent.	Goal still applies.	➔ 57
Improving the ability to balance the demands of career and family	// Creation of daycare openings for 569 children at Daimler's locations in Germany by 2012. // Provision of flexible work models; boosting the acceptance of such models through associated measures and raising awareness among managers.	Goal still applies.	🌐 411
Employer attractiveness.			
Alignment of all employer activities with the strategic future fields of activity "green recruiting" and "emerging markets."	Subsequent to the achievement of goals in 2008, the qualitative focus for 2009 was on the establishment of a comprehensive employer image with a strategic focus on green recruiting and its successful transfer to the emerging markets across all relevant marketing channels. Further extension of the measures for interactive recruiting via social media etc.	New goal	➔ 55 f.
Improving employee commitment.	// Periodic updates of the Employee Commitment Index (ECI). Definition of divisional ECI targets. // Implementation of measures derived from the results of the 2007 employee survey (GECS). // The survey scheduled for May 2009 has been postponed by the Board of Management due to a lack of planning security in the wake of the financial crisis. Assuming the Board of Management approves, it is now planned for the fall of 2010.	Goal still applies.	➔ 51

Goals	Activities/status	Goal attainment	Page
Demographic change.			
HR planning of assignments for older employees.	Integration of older employees into existing processes through analysis/creation of assignment options that take into account the effects of aging.	Goal still applies.	➔ 51 f.
Transparent analyses of needs and capabilities.	Systematic analysis of capacity risks resulting from demographic developments (HR Resource Management); implementation and evaluation of measures derived from the results of such analyses.	Goal still applies.	➔ 51 f.
Greater consideration of demographic issues in our corporate culture and leadership process.	Stronger incorporation of demographic issues into our corporate culture and leadership process (e.g. in discussions with managers regarding further training or personnel career development).	Goal still applies.	➔ 51 f.
Evaluation of implemented measures.	Development of methods and tools for assessing the impact of implemented measures, and making such assessments more transparent.	Goal still applies.	➔ 51 f.
Health & Safety.			
Ensuring Group-wide compliance with country-specific occupational health and safety management requirements.	Adoption and utilization of best practices at Health & Safety in order to improve controlling and comparisons. Analysis and planning phase in 2008, implementation beginning in 2009.	Goal still applies.	➔ 57
Preventing particularly frequent types of accident.	Implementation of the program "Changes in attitude and behavior for ensuring work safety" (EVA) at selected production locations in Germany until 2008/2009.	Goal attained.	🌐 410
The fight against HIV/AIDS.	Focus on raising awareness and providing information in countries with only moderate rates of infection. Concentration on prevention in countries where the number of infections is rising. A comprehensive workplace program in countries where there is an increased rate of infection.	Goal still applies.	🌐 410
Development of a standardized integration management system.	Concept for optimizing the assignments of employees with health problems (comparison of the job requirement profiles of the positions with the ability profiles of the employees in question).	Goal still applies.	🌐 410
Work-life balance project.	Contribution to the long-term maintenance of employees' and managers' performance capabilities and willingness to perform through: // Development of measures and processes related to changing conditions (e.g. short-time work) // Optimization of existing measures, elimination of barriers to use // Sustainable integration of work-life balance (WLB) into the corporate culture // Creations of conditions for WLB at Daimler AG	New goal. (Project end: April 30, 2013)	🌐 410
Ergonomics initiative for production.	Conception of end-to-end ergonomic processes from new-vehicle planning to series production	New goal.	🌐 410



05 Customers and society

How are we addressing the requirements posed by our customers and society?

By defining clear objectives based on our customer loyalty programs and an intensive dialogue with our stakeholders – and implementing processes to achieve them. Thanks to our products, services, and social commitment on a global scale, our company is today accepted and respected as an “active and creative part of society.”





1.0 Customers

1.1 Improving and maintaining customer relations.

A key goal of our company is to ensure that our customers are fully satisfied. The goal applies to all of the Group's products, services, and financial services. Accordingly, we take the wishes of our customers into consideration throughout the entire product life cycle – from product development and service right up to the environmentally compatible disposal and recycling of end-of-life vehicles. Through our Customer Relationship Management (CRM) system, we have created an effective framework that addresses region-specific requirements and uses key figures to evaluate customer satisfaction. Programs within the individual business units are also helping to systematically improve customer satisfaction.  A

1.2 Managing customer relations at Mercedes-Benz Cars.

The objective of integrated customer relationship management at Mercedes-Benz and smart is to win over new customers and permanently maintain the loyalty and emotional attachment of existing customers to the brands. Mercedes-Benz aims to attain the top position worldwide for customer satisfaction in the premium segment by the end of this decade. That's a challenging target. In August 2006, we therefore launched the CSI No. 1 program to further increase customer satisfaction. The program has been a success. Since the launch of CSI No. 1 we have substantially improved our competitive position in sales and service in nearly all markets.

In the CSI No. 1 program we have combined all the initiatives that improve customer care through direct contact or adjustment measures related to our business processes. We commission regularly scheduled internal and external customer surveys. This standardized approach to measurement and controlling is the basis of CSI No. 1. From this starting point we develop customized CSI action plans according to the modular principle, and their implementation is then monitored.

1.3 Customer relationship management at

Mercedes-Benz Trucks. In increasingly difficult times for transport companies, our customers expect – more than ever before – vehicles that offer the highest levels of quality and reliability. Our brand pledge “Trucks you can trust” is precisely targeted to reach this goal. This is why our managers and employees in development, production, sales, and service in particular bear the responsibility for ensuring that we always provide top-quality products and services. Our most important goal is to fulfill our brand pledge, ensure that our customers experience the performance behind “Trucks

you can trust,” and thereby create long-term relationships based on trust.

In addition to vehicle price, the purchasing decisions of shipping companies are influenced by operating costs and resale value. Ultimately, the crucial factor is therefore the sum of all costs incurred throughout the vehicle's life cycle (total cost of ownership). As a result, customers will only accept as partners those manufacturers that can show that an investment in their vehicle will be an economical one, and that can make offers precisely tailored to individual customer needs.

1.4 Customer relationship management at Daimler

Trucks North America. Daimler Trucks North America strives to ensure the full satisfaction of its customers – with its own products as well as the services provided by our dealers of the Freightliner, Western Star, Thomas Built Buses, and Detroit Diesel brands. We have been conducting surveys of our customers' satisfaction through the “Service and Parts Experience” (SPE) program since 2004. We have also initiated other processes and programs to boost the efficiency and quality of our dealerships. These include consultations and training programs, improved parts delivery within the entire dealership network, shorter maintenance and repair times (Mission Critical), and guaranteed immediate service diagnoses (Express Assessment).

In 2007 we supplemented these measures in cooperation with our dealers by launching the “Customer First” program, which is now yielding definite results. The aim is to make DTNA the leading company in the sector with regard to customer service and customer satisfaction. We are on track toward achieving this goal, as has been shown by the 30 percent improvement in the “Service and Parts Experience” (SPE) customer surveys since they were introduced in 2004, as well as our continuously improving position in the competitive North American market.

1.5 Customer relationship management at

Mitsubishi Fuso Truck & Bus Corporation. Mitsubishi Fuso has subsumed all of its customer relationship management activities under the slogan “All for you.” We have developed a management method called the Fuso Product Development System (FPD) which systematically incorporates customer requirements into the entire development process for new models, from the design concept to the market launch.

Mitsubishi Fuso operates a comprehensive worldwide network of sales and service centers. The company is currently reorganizing its dealership network in Japan in order to adjust it to the overall decline in the market and enhance its customer orientation. According to the “hub-and-spoke” principle, large dealerships (hubs) that offer all services, including the sale of new vehicles, are



More about our customer relations management:

Online 501



For further information, please enter the corresponding number into the search field at

<http://sustainability.daimler.com>



30%

improvement in
the SPE customer
surveys since
2004

Dr. Schmidt, satisfied customers are what ensures a company's long-term business success. In what ways can you contribute here?

Dr. Joachim Schmidt: We seek first of all to inspire our customers through our products, but of course also with our service and support. This is why outstanding customer support is also an integral element in the brand positioning of Mercedes-Benz. And naturally the company's other brands also make it a top priority. Our colleagues at Daimler Financial Services, Daimler Trucks, Mercedes-Benz Vans, and Daimler Buses made good progress with their customer management in 2009 thanks to their equally ambitious targets.

Are your efforts delivering results?

Schmidt: Even in 2009, which was such a difficult year, we significantly improved customer satisfaction in nearly all markets. In one of our most important markets, the U.S., we are currently ranked second in the premium segment in the J.D. Power SSI study, which measures customer satisfaction with the vehicle purchase process at dealerships. In this study we were assigned the highest ratings for customer satisfaction that have ever been achieved by a German automaker. And although we have achieved good results with our programs at Daimler — including “CSI No. 1” “Trucks you can trust,” and “Captive #1,” to name just a few — we have nonetheless still set the bar high for the future.

Satisfying the customer today also means being able to offer products designed to meet the needs of the future.

Schmidt: I'd like to emphasize something: In 2010 we will become the first automaker ever to provide customers with three electric vehicles suitable for everyday use: the B-Class F-CELL with a fuel cell drive, the smart electric drive, and the A-Class E-CELL, which will appear at the end of the year. This means that Daimler — the company that invented the automobile — is breaking important ground leading into the era of electric mobility. We are sending a clear signal to our customers here, one that shows the strength of our commitment to sustainable mobility. When it comes to buses and commercial vehicles, the trucks and buses with our SCR and BLUETEC technology — the Fuso Canter Eco Hybrid and our Orion Hybrid buses, to cite just a few examples — have already made us the market leader in terms of environmentally friendly mobility in these vehicle segments.

Sustainable mobility also means familiarizing your customers with sustainable mobility solutions by means of advertising and marketing.

Schmidt: In 2010 we will expand our BlueEFFICIENCY portfolio to include a total of 85 vehicles — and also convey this to our customers through advertising and marketing measures, of course. We are using this large-scale campaign to inform the public about our extensive range of environmentally friendly, fuel-efficient vehicles.

How does this harmonize with the Formula 1 activities?

Schmidt: The Mercedes-Benz motor racing tradition is a unique chapter in automotive history. What's more, Formula 1 continues to be an ideal platform for demonstrating our technological expertise. We want to be the “world champion” in two disciplines — in “Formula 1” and in “Formula Green.”



“We seek first of all to inspire our customers through our products, but of course also with our service and support.”

Interview with Dr. Joachim Schmidt

Executive Vice President Mercedes-Benz Cars Sales
and Marketing

complemented by decentralized service centers that can be easily reached by the customers. Although this measure will reduce the total number of service centers, it takes into account the number of customers using each center, as well as the needs of fleet customers and individual customers.

What's more, Mitsubishi Fuso regularly conducts surveys of customer satisfaction using various parameters, in Japan and on the international markets, and derives improvement measures from the results.

1.6 Customer relationship management at

Mercedes-Benz Vans. The goal we strive toward every day is to be the most customer-oriented, efficient, and high-performance sellers in the van manufacturing industry. We therefore launched the "Customer Satisfaction Number 1" initiative in May 2008. Through this initiative, which is aimed at internal as well as external customers, we aim to continually improve customer satisfaction and develop a shared understanding of what our customers want.

The initiative was kicked off with a series of workshops in which individual and process-oriented improvement measures were developed. In 2009 our focus was on our relations with external customers. Accordingly, at the beginning of the year we used standardized measures to assess our customers' satisfaction with the sales processes at our dealerships throughout Europe. We centrally analyzed the results and agreed with the individual markets on the implementation of improvement measures.

1.7 Customer relationship management at Daimler

Buses. With its product brands Mercedes-Benz, Setra, and Orion as well as its service brand Omniplus, Daimler Buses has comprehensive expertise with regard to buses as a product and a transportation system. That's essential if we are to understand our customers' extremely diverse business strategies based on their product segments, market segments, and regions, and to develop long-term relationships with our customers. The product range and the service spectrum of our brands is as varied as the wishes of our customers. A team of specialists from our company provides advice to towns and cities regarding the planning and establishment of flexible bus transport systems that do not require rail lines (bus rapid transit concepts). We have successfully supported such projects and supplied the appropriate buses or chassis to major cities in Europe and Latin America. Our vehicles comply with the highest current environmental standards in all of their areas of application. And we are setting the benchmarks when it comes to active and passive vehicle safety.

We use long-term studies of customer satisfaction, corporate image, and brand quality parameters to measure

the satisfaction and loyalty of our customers. In 2009 we once again raised our internal target values. Through our customized training concepts, we also offer our customers an effective means of enhancing the business success of their ongoing operations. Thanks to our new Omniplus bus fleet management system, bus companies can pinpoint the location of their vehicles at any time, transfer data, and thus optimize their business operations. Our dense Omniplus service network and our ultramodern spare parts logistics center in Neu-Ulm, Germany, guarantee that spare parts are readily available to all Mercedes-Benz and Setra customers, even many years after a model series has been discontinued.

1.8 Customer relationship management at Daimler Financial Services (DFS).

The Financial Services division makes a vital contribution to the worldwide sales of our vehicle brands and boosts customer loyalty to the Daimler Group over the long term. According to our internal measuring processes, DFS customers conclude new contracts with their dealers more quickly after their old contracts expire, decide twice as frequently as the average customer to buy a new car, and order more optional vehicle equipment.

For DFS, long-term customer retention is a key strategic issue. Its sales strategy therefore focuses on gaining new customers and increasing the loyalty of existing ones. Accordingly, we have developed customer loyalty programs that, for example, ensure that all customers are addressed before their contracts expire and that they receive a special "loyalty offer."

The objective of our Captive #1 strategy is to become the world's best automotive financial services provider in terms of customer and dealer satisfaction. We regularly measure the degree of satisfaction by means of internal and independent external surveys in the local markets. We are particularly proud of our top position in many ranking systems.  A

1.9 Customer relationship management in Service & Parts.

One of the most important issues in the area of service is the achievement of maximal customer satisfaction. After all, only enthusiastic customers are loyal customers. In close cooperation with all of our corporate units, we therefore strive to fulfill our customers' needs to their full satisfaction during the operational phase of their vehicles. That's why we're working on a relation marketing system in which our service centers provide our customers with information on maintenance and repair as well as special service offers. In the future, this service information will increasingly be available through our new online channels.

Our worldwide parts logistics ensure that the right original Mercedes-Benz parts arrive at the right place at the



DFS programs and measures for enhancing customer satisfaction:
[Online 502](#)



More about our various projects:
[Online 503](#)



For further information, please enter the corresponding number into the search field at
<http://sustainability.daimler.com>

„Each Girl Is a Star“



Getting girls interested in technical professions is the aim of “Each Girl Is a Star,” an educational program run by Mercedes-Benz Turkey in cooperation with the Turkish women’s organization CYDD. The program, which has won several awards, is aimed in particular at socially disadvantaged young women. Through internships and scholarships, it smooths their path

into the world of technical careers, which have traditionally been dominated by men. Through the program Mercedes-Benz hopes to create more equal opportunities and increase the overall proportion of women in the Turkish workforce.

Since its foundation, “Each Girl Is a Star” has already made good progress in this direction. The program, which is financed by Mercedes-Benz, was founded in 2004 with an initial group of 200 girls, but today it is helping 900 young women aged between 15 and 18. During their four years of professional training, they have the opportunity to do internships at Mercedes-Benz or its dealerships and suppliers. Here they can also improve their general education, language skills, and computer literacy. After they have completed the training program, they have the opportunity to be hired either directly by Mercedes-Benz or by one of the partner companies.

“Each Girl Is a Star” — the name of the program says it all. The aim is to encourage girls and young women to discover their own abilities and enhance their self-confidence. The fruitfulness of this approach is demonstrated by the way the program has developed. More and more of the program’s graduates are choosing to continue along the path they’ve started by enrolling in a university. Mercedes-Benz Turkey has reacted to this development by expanding its scholarship program: Since 2007 an additional 25 ambitious women students at various Turkish universities have received financial aid.

right time. If a customer’s vehicle should ever break down, our Customer Assistance Center will provide quick and expert assistance. We work hard to make sure our vehicles stay where they’re supposed to be: on the road.

2.0 Social commitment

Our presence in many countries offers us the opportunity to actively shape our social environment and help foster dialogue between different cultures. We aim to create value for all of our stakeholders, and we regard our social commitment as an integral component of our corporate activities. That’s why we have set high standards of quality and formulated clear criteria for sponsorship in this area as well. A committee on donations and sponsoring makes the decisions about all major projects, and transparency is ensured by a Group-wide donation and sponsoring database.

We basically distinguish between four areas of our social commitment: donations, sponsoring, the promotion of foundations, and practical support — such as the volunteer work of our employees and passing along our know-how. In the areas in which we are involved, we distinguish between the promotion of culture, education, science, sports and health, and support for charitable projects, including disaster relief.

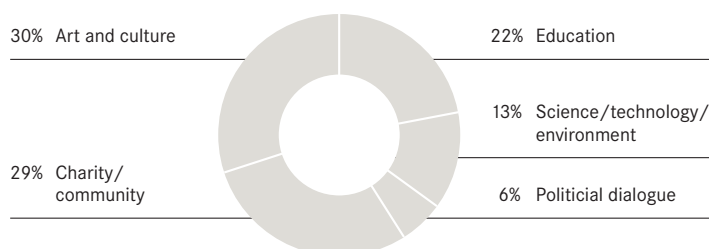
In 2009 Daimler spent €26.41 million on support for nonprofit organizations and socially beneficial projects (this refers only to project funding). 

2.1 Donations. The focus of our donations is the promotion of science, which accounts for a large share of our total donations in Germany. It is followed by education, charitable projects, and disaster relief.

On the basis of our experiences in recent years, in 2009 we established a process for disaster relief that guarantees a high degree of effective assistance. This process forms the framework of our projects all over the world and clearly defines our focus areas. In addition, we help the respective national companies and subsidiaries to choose their activities, and we support their projects.

2.2 Sponsoring. Through its sponsoring projects, Daimler maintains long-term partnerships with various social groups. Our aim is to promote sustainable development in areas that are socially significant. We are particularly interested in promoting education, environmental protection, art, and culture at our locations worldwide.

31 Donations and sponsoring in 2009



Mr. Jäger, what role is Daimler playing in society?

Martin Jäger: Through its activities Daimler is making an impact on social, political, and economic relationships within society, to the mutual advantage of the company and its social environment. As a globally operating company, we are helping to sustainably enhance prosperity and create and maintain standards in many parts of the world. We also actively promote social, environmental, and cultural aims through our corporate donations, the Gottlieb Daimler and Karl Benz Foundation, the charitable involvement of our employees, and public-private partnerships, for example. Our stakeholders depend on us as a reliable partner, and in the current economic crisis they have been intently following the developments with Daimler in mind. After all, the Mercedes star is an outstanding symbol of continuity and innovation all over the world. And the answer to the question of who will be building the drive systems of the future will not only determine whether sustainable mobility can be successfully realized but also define the future of Germany, our home market, as an industrial base.

What are your aims as you shape the social dialogue?

Jäger: There's no doubt that the economic crisis has diminished our trust in the dynamics of the market. We now need to regain the trust that has been lost. We at Daimler are playing a major role in this endeavor, because we stand for solid, innovative, and sustainable value creation. The way we cope with the transformations that are taking place today is sometimes even regarded as an indicator of Germany's ability to fulfill the requirements of a globalized world. Our purposes are clear: We want to sell passenger cars, trucks, vans, and buses as well as the associated services. Our dialogue and interaction with our interest groups in society – with political decision-makers, cultural institutions, associations, and citizen groups – is helping us to design and sell our products in line with social expectations.

Is that why Daimler also needs to be involved in donations, sponsoring, and foundations?

Jäger: Absolutely! We're past the stage where we had to explain that we are supporting our core business activities all over the world through corporate sponsorship and the promotion of socially beneficial causes. This is a pillar of our corporate culture which has a long tradition, especially when it concerns education, science, culture, and disaster relief. In this context, social involvement – whether it entails donations, sponsorship or foundation activities – is an important aspect of the relationship between our company and society. But it's only one aspect. It's obvious that we, as a premium manufacturer with a claim to technological leadership, place a particular focus on science and education. That also explains our involvement in the Stifterverband für die Deutsche Wissenschaft (Founders' Association for German Science) and the numerous foundation chairs and scholarships that have been established with the help of the Daimler Fund. Ultimately, this involvement supports our core business activities – and of course it also indirectly enhances the image of a company that faces up to its responsibilities.



“Through its activities Daimler is making an impact on social, political, and economic relationships within society, to the mutual advantage of the company and its social environment.”

Interview with Martin Jäger

Head of Global External Affairs and Public Policy

In 2009 we established a set of sponsoring guidelines. Its purpose is to ensure that our contributions comply with current legal regulations and ethical standards and that the process of distributing practical and financial assistance is transparent both inside and outside the Group.

2.3 Volunteering and other activities for the common good. A well-functioning community benefits our employees and our neighbors, as well as our company as a whole. That's why we cooperate closely with local authorities and nonprofit organizations in the places where we have business locations. For example, we are committed to the expansion of childcare centers close to our plants and to the promotion of education and training programs.

We can count on our employees' voluntary involvement in numerous projects, in which they invest their time in promoting causes for the common good.

2.4 Foundations. Daimler has established foundations in a number of countries in order to ensure that our funding is used for clearly defined long-term purposes. These foundations support diverse activities ranging from research and education to the promotion of culture, health, and international understanding. In some countries, such as France and Japan, our foundations serve as the center for all of our activities related to our socially beneficial projects.  33



A selection of Daimler's worldwide charitable and social projects in 2009

Topic area	Institution / Project	Country
Education	UNESCO / Mondialogo	worldwide
	Kennedy Center / Art Bus	U.S.
	CYYD / Each Girl Is a Star	Turkey
	MobileKids / Traffic education	worldwide
	Juan Manuel Fangio Foundation / Technical School	Argentina
	Plus/Minus / Financial training for young people	Germany
Community	Day of Caring / Creating children's and youth centers	worldwide
	China Foundation for Youth Employment and Entrepreneurship / Increase of foundation capital	China
Art and culture	Staatsgalerie Stuttgart / Free admission, employee projects	Germany
	Art Scope / Scholarships	Japan
	Tomie Ohtake Institute / Exhibition series	Brazil
	Villa Romana / Art scholarships	Italy
Social projects	German AIDS Foundation / AIDS Gala	Germany
	Business against crime / Crime prevention projects	South Africa
	Deutsche Cleft-Kinderhilfe e.V. / Center in Mumbai	India
	Phönix Foundation / Projects for children with cancer	Germany
	Forgotten Harvest / Forgotten Harvest Truck Care e.V. / Microcredits	U.S. worldwide
Sport	DFB / Integration award	Germany
	Tuscaloosa Marathon / Charity event	U.S.
	Laureus Foundation / Children's and youth projects	worldwide
Environment	COP 15 / Environmental conference	Denmark
	Climate 2009 / Virtual climate conference	Germany
	Global Nature Fund / Living Lakes network	worldwide
	Nature and Biodiversity Conservation Union (NABU) / Biosphere-mobile, Nature protection center Netta	Germany
Science	Daimler Fund / Allocation for project promotion	Germany
	Tongji University / Endowed chair for automotive electronics	China
	Founders' Association for German Science / Program activities	Germany
Disaster relief	Protezione Civile / Earthquake relief in the Abruzzi	Italy
	Australian Red Cross / Reconstruction assistance after bushfires in Victoria	Australia



Our corporate foundations

Foundation	Focus of activities	Funds 2009
Gottlieb Daimler and Karl Benz Foundation (1986)	Funding science and research in the fields of mankind, environment, and technology	€1.38 million (2008: €1.6 million)
Daimler Fund in the Founders' Association for German Science (1975)	Sponsoring the research, training, and international collaboration of young scientific talent	€1.35 million (2008: €1.59 million)
Laureus Sport for Good Stiftung Germany (2009)	Charitable children's and youth projects	€0.35 million
Daimler Foundation in Japan (2002)	Supporting cultural programs and philanthropic activities	11.5 million JPY (2008: 25.0 million JPY)

The work of the Mercedes-Benz France Foundation, which promoted intercultural understanding between France and Germany and supported up-and-coming young artists and community projects, was transferred to the national subsidiary Mercedes-Benz France in 2009.



Our responsibility to our customers: Activities and goals

As an automaker and provider of vehicle-related services, we consider good customer relationships to be an essential foundation of our business. Our customers demand the highest standards, and they have a right to expect that we make our brand pledge a tangible experience. That's why we aim to be the leader in six specific areas: quality, safety, comfort, design, environmental friendliness, and customer satisfaction with our sales and service.

Further information on the goals and activities of the divisions: [Online 504 – http://sustainability.daimler.com](http://sustainability.daimler.com)

Goals	Activities/status	Goal attainment	Page
At all divisions: The market leader in customer satisfaction.			
Mercedes-Benz Cars: Achieve the highest level of customer satisfaction worldwide in the premium segment by 2010.	Through the CSI No. 1 program, which was launched in 2006, we have redesigned, among other things, the customer contact processes in the area of sales and service. From this we have derived our standards for customer care as well as workshop and logistics processes. More than 250,000 employees received training. Our competitive position has improved significantly in almost all markets. Mercedes-Benz once again achieved top marks in 2009 in the dealer test conducted by the publication <i>auto motor und sport</i> and the ADAC workshop test. Mercedes-Benz service centers received excellent ratings in the passenger car category of the "Service Award 2009" presented by the trade publication <i>kfz-betrieb</i> . The service centers impressed the judges with their coherent, thorough, and customer-oriented service concept. And in the J.D. Power SSI study Mercedes-Benz was once again rated as best German brand in 2009.	Goal still applies.	➔ 64 f.
Mercedes-Benz Trucks: Fulfill the brand pledge "Trucks you can trust."	The wide range of activities related to the "Trucks you can trust" pledge increases the product and service quality of Mercedes-Benz trucks, thus ensuring maximum vehicle availability. As a result, Mercedes-Benz Trucks significantly improved its rank in a Germany-wide survey of customer satisfaction between 2005 and 2007. Furthermore, we regularly monitor the satisfaction of our customers and dealers worldwide by means of a variety of surveys and studies.	Goal still applies.	➔ 64
Daimler Trucks North America (DTNA): Fulfill the pledge "Customer First."	The measures of the "Customer First" program are aimed at ensuring quick service and the rapid availability of spare parts. Dealers can take part in the "Service and Parts Experience" program, which has increased the satisfaction rating for the DTNA network from 6.5 to more than 8 points out of 10 since August 2004.	Goal still applies.	➔ 64
Mitsubishi Fuso Truck and Bus Corporation: "We promise" in the service area – Make pledges in international markets.	The "We promise" program ensures comprehensive, standardized high-quality customer service. Its eight service promises are: top quality, expert mechanics, minimal repair times, transparent and affordable prices, solving problems the first time around, contacting the customer before doing additional work, informing the customer about the execution of an order, and responding to all customer complaints.	Goal still applies.	➔ 64 f.
Mercedes-Benz Vans: Attain the top ranking in customer satisfaction by the end of 2010.	Our initiative for improving customer satisfaction was launched in 2008 in 17 European markets. Since the beginning of 2009 we have been measuring customer satisfaction with the sales process at the dealerships throughout Europe according to uniform criteria. The results are centrally analyzed and improvement measures for each individual market are derived from this analysis.	Goal still applies.	➔ 66
Daimler Buses: Fulfill our brand pledges.	On behalf of our brands, we regularly conduct studies regarding customer satisfaction, image, and brand quality (CSI). Our Omniplus brand offers a wide range of services, extending from driver training all the way to around-the-clock roadside emergency assistance. We provide cities and municipalities with advice on implementing bus transport concepts (bus rapid transit).	Goal still applies.	➔ 66
Daimler Financial Services: Be the best financial services provider for our customers and dealers.	The Captive #1 corporate strategy targets the establishment of a holistic system for managing cooperation between the manufacturer, the dealers, and the financial services provider. Our financing, leasing, dealer financing, insurance, fleet management, and banking products can be combined in all-inclusive offers that can be flexibly adapted in line with the customer's needs. More than 150 local proposals for enhancing internal and external customer and dealer satisfaction were submitted in the annual employee idea competition for 2009. Our success is reflected in the company's excellent performance in numerous customer and dealer satisfaction studies.	Goal still applies.	➔ 66

Our social responsibility:

Activities and goals

In a spirit of enlightened self-interest, Daimler endeavors to be a good corporate citizen — especially by employing our expertise as a manufacturer of motor vehicles. Our activities focus on volunteer work by our employees in the communities where our plants are located; traffic safety education for children; and the promotion of education, training, and scientific research. In addition, we engage in intercultural dialogue and support cultural and sports activities. Clear guidelines for allocating funds ensure that our support is reaching the right recipients. One particular focus is the promotion of an open and transparent dialogue with our stakeholders.

Goals	Activities/status	Goal attainment	Page
Stakeholder involvement and dialogue.			
Intensify the dialogue with our stakeholders.	// On November 5, 2009, Daimler successfully conducted its second “Sustainability Dialogue” in the Mercedes-Benz Museum with interest groups from all of its stakeholder groups. // The issues that were identified last year as focal areas were discussed in depth in five working groups (Environment, Employees, Procurement, Community Relations, and Human Rights). The working groups also formulated new and expanded objectives, which were then discussed further, in some cases with the stakeholders. The results will be presented in the Sustainability Dialogue 2010 at the latest (for details, see page 22 , Consolidation of the Sustainability Dialogue). // The Sustainability Dialogue has been supported by the electronic <i>Sustainability Newsletter</i> since July 2008. The goal of publishing the newsletter on a quarterly basis was reached in 2009. // The restructuring of the stakeholder contacts in the NAFTA region was launched successfully.	Goal partially attained; goal still applies.	➔ 22 f.
Social commitment.			
Refinement and consolidation of educational children's and youth projects.	Initiation and support of technical and science projects for young people at schools as part of the Daimler “Genius” initiative. Further development and implementation of model projects for young people in all age groups, from daycare centers to secondary schools, until 2012.	New goal.	➔ 67 ff.
Expansion of the Daimler training network in the emerging markets.	In regions where a contribution to social and political stability is needed, facilities that have been established since 2006 were enhanced (Palestine, South Africa, Iraq) and new ones were created. The training facilities are to become fully independent after about three years.	Goal still applies.	🌐 503
New approach for Daimler corporate volunteering.	As part of the restructuring of our corporate volunteering activities, since 2008 we have been gathering and evaluating data on our worldwide activities and identifying areas in need of improvement. In 2009 we carried out the volunteer project “Day of Caring” at our business locations in countries including Thailand, Poland, Turkey, Canada, Brazil, the U.S., Germany, South Africa, and Mexico. Further projects are planned for additional business locations.	Goal still applies.	➔ 69

GRI index



Both the printed and the interactive online versions of *360 DEGREES – Facts on Sustainability 2010* were drawn up in line with the guidelines of the Global Reporting Initiative (GRI). These guidelines were established with the help of the UN in 1997 in order to create a globally accepted guideline for companies and organizations reporting on their environmental, social, and economic activities. The amended guidelines of 2004 (G3) serve as the basic framework for Daimler's sustainability reporting.

<http://sustainability.daimler.com> The full version of the GRI Index is available in the interactive online report. To directly access the GRI Index there, simply enter the number **601** in the search box.

Description	Status	Reference
1. Strategy and analysis		
1.1 Statement from the most senior decision-maker	1.1 Complete	SR 3
1.2 Key impacts, risks and opportunities	1.2 Complete	SR 16, AR 103, 203
2. Organizational profile		
2.1 Name of the organization	2.1 Complete	SR 8
2.2 Brands, products and/or services	2.2 Complete	SR 8, 11
2.3 Operational structure	2.3 Complete	SR 8, 11
2.4 Headquarter location	2.4 Complete	SR 8, 11
2.5 Countries in operation	2.5 Complete	SR 10, 12, 102
2.6 Nature of ownership	2.6 Complete	SR 9
2.7 Markets served	2.7 Complete	SR 10, 12, AR 131, 252
2.8 Scale of the organization	2.8 Complete	SR 8, AR 60
2.9 Significant changes regarding size, structure, or ownership	2.9 Complete	SR 13, AR 67
2.10 Awards received	2.10 Complete	SR 57, 601
3. Report parameters		
3.1 Reporting period	3.1 Complete	SR 74, 602
3.2 Date of most recent previous report	3.2 Complete	SR 75
3.3 Reporting cycle	3.3 Complete	SR 75
3.4 Contact point for questions	3.4 Complete	SR 75
3.5 Process for defining report content	3.5 Complete	SR 74, 75
3.6 Boundary of the report	3.6 Complete	SR 74
3.7 Limitations on the scope or boundary of the report	3.7 Complete	SR 74
3.8 Joint ventures, subsidiaries, and outsourced operations	3.8 Complete	SR 74, AR 173
3.9 Data measurement techniques	3.9 Complete	SR 74, AR 173, 601, 602
3.10 Effects of re-statement of information provided in earlier reports	3.10 Complete	SR 13, 74
3.11 Significant changes in the scope, boundary, or measurement methods	3.11 Complete	SR 74
3.12 GRI Content Index	3.12 Complete	SR 72, 601
3.13 External assurance	3.13 Partial	SR 75
4. Governance, commitments, and engagement		
4.1 Governance structure	4.1 Complete	SR 17, AR 148 - 153
4.2 Indication whether chairperson is also executive officer	4.2 Complete	SR 9, AR 146 ff.
4.3 Independent members at the board	4.3 Complete	SR 146 ff., 601
4.4 Mechanisms for shareholders and employees to provide recommendations to the board	4.4 Complete	SR 23, AR 146 ff.
4.5 Linkage between executive compensation and organization's performance	4.5 Complete	SR 21, 52, AR 152 ff., 156 ff., 601
4.6 Processes to avoid conflicts of interest at the board	4.6 Complete	AR 148 ff., 601
4.7 Expertise of board members on sustainability topics	4.7 Complete	SR 16, 17, AR 152, 601
4.8 Statements of mission, codes of conduct, and principles	4.8 Complete	SR 10, 17, 18, 23, 201, 202, 203, 601
4.9 Procedures for board governance on management of sustainability performance	4.9 Complete	SR 16-18, AR 103 - 111, 601
4.10 Processes for evaluation of the board's sustainability performance	4.10 Complete	SR 16-18, AR 156 - 161, 601
4.11 Precautionary approach	4.11 Complete	SR 16-18, 601
4.12 External charters, principles, or other initiatives	4.12 Complete	SR 16, 17, 57, AR 138-141, 144-145, 210, 601
4.13 Memberships in associations	4.13 Complete	SR 3, 69, 210, 601
4.14 Stakeholder groups	4.14 Complete	SR 22, 23
4.15 Stakeholder identification and selection	4.15 Complete	SR 22, 23, 601
4.16 Approaches to stakeholder engagement	4.16 Complete	SR 22, 23, 74, 601
4.17 Topics and concerns raised by stakeholders	4.17 Complete	SR 22, 23, 74, 601
Economic performance indicators		
MA Management Approach	MA Complete	SR 13, 16-23, AR 8-9, 60 ff., 67 ff.
EC1 Direct economic value generated and distributed	EC1 Complete	SR 13, 52, 67, 69, AR 73-79, 79 ff.
EC2 Financial implications due to climate change	EC2 Partial	SR 18-20, 26-44, 74, AR 10 ff., 122 ff., 136 ff.
EC3 Coverage of the organization's defined benefit plan	EC3 Complete	SR 51, 52, 57, AR annex (remark 21)
EC4 Financial government assistance	EC4 Partial	601
EC5 Entry level wage compared to local minimum wage	EC5 Partial	SR 52, 601
EC6 Locally-based suppliers	EC6 Partial	SR 12, 13
EC7 Local hiring	EC7 Partial	SR 55-57, 601
EC8 Infrastructure investment and services for public benefit	EC8 Partial	SR 10, 67-69, AR 144-145
EC9 Indirect economic impacts	EC9 Partial	SR 13

Description
Environmental protection
MA Management approach
N1 Volume of materials used
EN2 Recycled materials
EN3 Direct primary energy consumption
EN4 Indirect primary energy consumption
EN5 Energy conservation
EN6 Initiatives for energy-efficiency and renewable energy
EN7 Initiatives for reducing indirect energy consumption
EN8 Total water withdrawal
EN9 Effect of water withdrawal
EN10 Water recycled and reused
EN11 Land assets in or adjacent to protected areas
EN12 Impacts on biodiversity
EN13 Habitats protected or restored
EN14 Strategies for biodiversity
EN15 Endangered species
EN16 Greenhouse gas emissions
EN17 Other greenhouse gas emissions
EN18 Initiatives to reduce greenhouse gas emissions
EN19 Emissions of ozone-depleting substances
EN20 NO _x , SO _x , and other air emissions
EN21 Water discharge
EN22 Waste by type and disposal method
EN23 Significant spills
EN24 Waste deemed hazardous under the terms of the Basel Convention
EN25 Impacts of discharges and runoff on biodiversity
EN26 Initiatives to mitigate environmental impacts
EN27 Packaging materials
EN28 Sanctions for noncompliance with environmental regulations
EN29 Environmental impacts of transport
EN30 Environmental protection expenditures
Employees
MA Management approach
LA1 Workforce by employment type and region
LA2 Employee turnover
LA3 Benefits to full-time employees
LA4 Employees with collective bargaining agreements
LA5 Minimum notice period(s) regarding operational changes
LA6 Workforce represented in joint health and safety committees
LA7 Occupational diseases, lost days, and number of fatalities
LA8 Training on serious diseases
LA9 Trade union agreements on health and safety
LA10 Training per employee
LA11 Programs for lifelong learning
LA12 Regular performance and career development reviews
LA13 Composition of governance bodies
LA14 Gender pay disparity
Human rights
MA Management approach
HR1 Investment agreements
HR2 Supplier screening on human rights
HR3 Training on human rights
HR4 Incidents of discrimination
HR5 Freedom of association and collective bargaining
HR6 Child labor
HR7 Forced labor
HR8 Training for security personnel
HR9 Violations of rights of indigenous people
Society
MA Management approach
SO1 Impacts on communities
SO2 Corruption risks
SO3 Anti-corruption training
SO4 Actions taken in response to incidents of corruption
SO5 Lobbying
SO6 Donations to political parties and politicians
SO7 Legal actions for anticompetitive behavior
SO8 Sanctions for non-compliance with laws and regulations

- 🔗 SR: Reference to page number in this Sustainability Report
 🔗 AR: Reference to page number in the 2009 Annual Report
 🔗 Reference to a text in the interactive online report 360 DEGREES – Facts on Sustainability 2010

Status	Reference
MA Complete	🔗 SR 18-20
EN1 Non-material	
EN2 Partial	🔗 SR 44 🔗 310, 601
EN3 Complete	🔗 SR 37 🔗 300, 601
EN4 Partial	🔗 SR 37 🔗 601
EN5 Complete	🔗 SR 36, 39
EN6 Complete	🔗 SR 26-29, 32-33
EN7 Complete	🔗 SR 36, 39 🔗 601
EN8 Complete	🔗 SR 37, 40 🔗 300, 601
EN9 Complete	🔗 601
EN10 Partial	🔗 SR 40 🔗 601
EN11 Partial	🔗 SR 40
EN12 Non-material	
EN13 Non-material	
EN14 Non-material	
EN15 Complete	🔗 601
EN16 Complete	🔗 SR 37 🔗 300, 601
EN17 Partial	🔗 SR 36 🔗 601
EN18 Complete	🔗 SR 36, 39
EN19 Partial	
EN20 Complete	🔗 NB 37 🔗 300, 601
EN21 Complete	🔗 SR 37 🔗 300, 601
EN22 Complete	🔗 SR 37 🔗 300, 601
EN23 Complete	🔗 601
EN24 Complete	🔗 601
EN25 Complete	🔗 601
EN26 Complete	🔗 SR 26-29, 40-44, AR 82
EN27 Complete	🔗 601
EN28 Complete	🔗 SR 41 🔗 601
EN29 Complete	🔗 SR 36 🔗 601
EN30 Complete	🔗 SR 37, AR 83

MA Complete	🔗 SR 16-23, 50-61
LA1 Partial	🔗 SR 50
LA2 Partial	🔗 SR50
LA3 Complete	🔗 SR 50-52 🔗 601
LA4 Complete	🔗 SR 52 🔗 601
LA5 Complete	🔗 SR 52 🔗 601
LA6 Complete	🔗 SR 52, 57 🔗 601
LA7 Partial	🔗 SR 57 🔗 601
LA8 Complete	🔗 SR 57 🔗 601
LA9 Complete	🔗 SR 52, 55, 57 🔗 601
LA10 Complete	🔗 SR 55 🔗 407, 408, 601
LA11 Partial	🔗 SR 55 🔗 601
LA12 Complete	🔗 SR 52, 55 🔗 208, 601
LA13 Complete	🔗 SR 56, 57, AR 8-9, 150-153 🔗 601
LA14 Complete	🔗 SR 52, 56, 57 🔗 404, 405, 601

MA Partial	🔗 SR 11, 16-23
HR1 Complete	🔗 SR 21, 22, 23 🔗 601
HR2 Partial	🔗 SR 12, 13, 21, 22, 23 🔗 601
HR3 Complete	🔗 SR 10, 17, AR 151 🔗 601
HR4 Partial	🔗 AR 55 🔗 601
HR5 Partial	🔗 SR 11 🔗 601
HR6 Partial	🔗 601
HR7 Complete	🔗 601
HR8 Partial	🔗 SR 58
HR9 Non-material	🔗 601

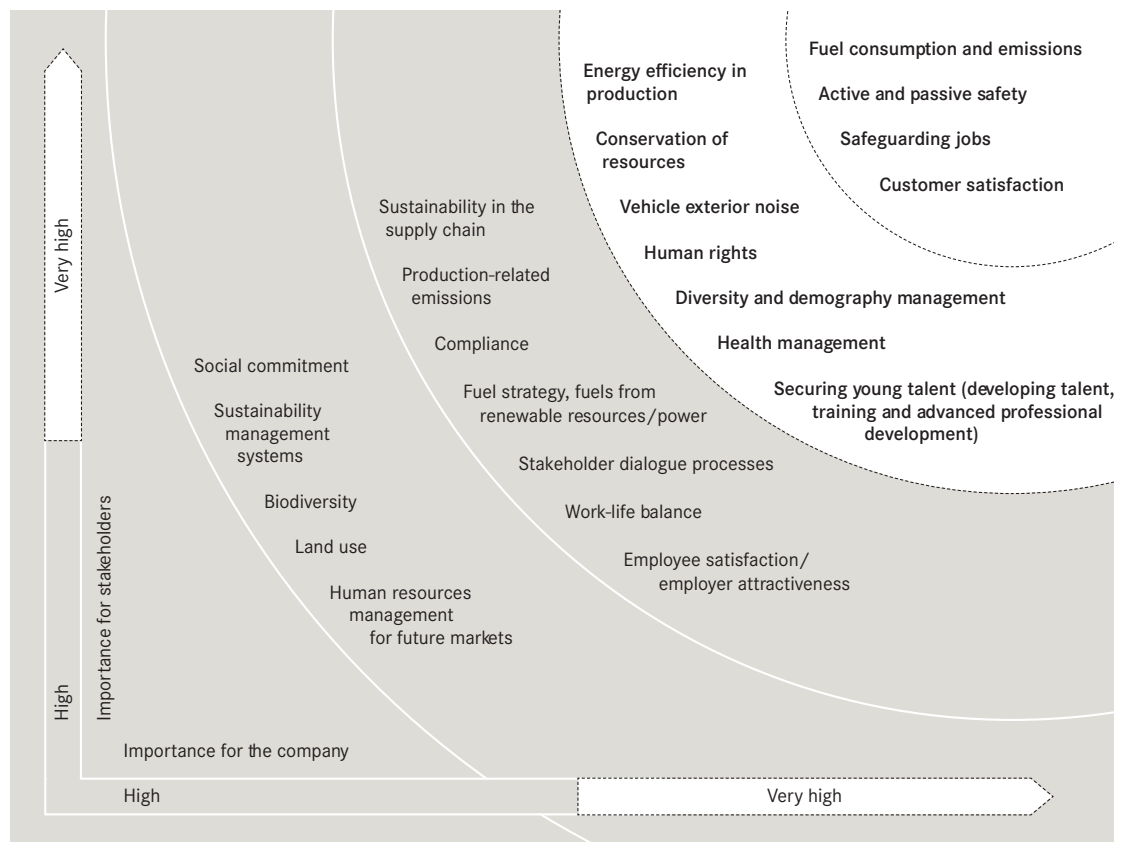
MA Complete	🔗 SR 16-23, 64-71
SO1 Partial	🔗 SR 22, 74 🔗 601
SO2 Complete	🔗 SR 16-18, AR 155 🔗 601
SO3 Complete	🔗 SR 17, AR 155 🔗 601
SO4 Complete	🔗 SR 17, AR 155 🔗 601
SO5 Complete	🔗 SR 17, 18
SO6 Complete	🔗 SR 17, 18
SO7 Partial	🔗 AR 150 🔗 601
SO8 Complete	🔗 AR 103 ff., 111 🔗 601

Description	Status	Reference
Product responsibility		
MA Management approach	MA Partial	🔗 SR 23, 64-67, 70 🔗 601
PR1 Health and safety impacts along product life cycle	PR1 Complete	🔗 SR 33-35
PR2 Non-compliance with health and safety standards	PR2 Complete	🔗 601
PR3 Product information	PR3 Complete	🔗 601
PR4 Non-compliance with product information standards	PR4 Partial	🔗 601
PR5 Customer satisfaction	PR5 Complete	🔗 SR 64-67
PR6 Marketing communication standards	PR6 Partial	🔗 SR 16-18 🔗 601
PR7 Non-compliance with marketing communication standards	PR7 Complete	🔗 601
PR8 Complaints regarding customer privacy	PR8 Complete	🔗 201
PR9 Sanctions for non-compliance with product and service related regulations	PR9 Complete	🔗 AR 111 🔗 601
Automotive sector supplement		
A1 Specify stipulated work hours per week and average hours worked overtime in production	A1 Partial	🔗 601
A2 Percentage of employees not managed on an hourly basis with overtime compensation schemes	A2 Partial	🔗 601
A3 Percentage of major first-tier supplier facilities with independent trade union organisations	A3 Partial	🔗 601
A4 Numbers of vehicles sold, broken down by type, fuels, power train technologies, and region	A4 Complete	🔗 SR 26, AR 120, 126, 130, 132 🔗 601
A5 Breakdown by region/country of the compliance of vehicles sold with the respective existing and next defined emissions standards	A5 Partial	🔗 SR 42 🔗 601
A6 Average fuel economy by type of vehicle broken down by region, as applicable	A6 Partial	🔗 SR 41-42 🔗 601
A7 Average carbon dioxide emissions by type of vehicle broken down by region, as applicable	A7 Partial	🔗 SR 41-42 🔗 601
A8 Breakdown by region/country of compliance of vehicles sold with the respective existing and next defined noise standard	A8 Partial	🔗 SR 42, 43 🔗 601
A9 EN29 – Significant environmental impacts of transportation used for logistical purposes		
A10 Weight of vehicle and percentage breakdown of generic, recycle, and renewable material of a best selling vehicle	A10 Complete	🔗 601

Global Compact	Reference
Global compact principles	
P1 Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence	P1 🔗 SR 3, 11, 16-23
P2 Businesses should make sure they are not complicit in human rights abuses	P2 🔗 SR 3, 11, 16-23
P3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	P3 🔗 SR 3, 11, 16-23, 48-61
P4 Businesses should uphold the elimination of all forms of forced and compulsory labour	P4 🔗 SR 3, 11, 16-23, 48-61
P5 Businesses should uphold the effective abolition of child labour	P5 🔗 SR 3, 11, 16-23, 48-61
P6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	P6 🔗 SR 3, 11, 16-23, 48-61
P7 Businesses should support a precautionary approach to environmental challenges	P7 🔗 SR 3, 16-23, 24-47
P8 Businesses should undertake initiatives to promote greater environmental responsibility	P8 🔗 SR 3, 16-23, 24-47
P9 Businesses should encourage the development and diffusion of environmentally friendly technologies	P9 🔗 SR 3, 16-23, 24-47
P10 Businesses should work against corruption in all its forms, including extortion and bribery	P10 🔗 SR 3, 16-23

Report profile and material quality

34 Material quality matrix



360 DEGREES – Facts on Sustainability 2010 provides insight into sustainability activities at Daimler in the business year 2009.

Report profile. The *Sustainability Report 2010* takes its lead from the guidelines of the Global Reporting Initiative (GRI), which Daimler joined in 2006 as an organizational stakeholder. In accordance with Version 3.0 (G3) of the GRI guidelines, we have compiled the representation of our sustainability activities in line with the principles of balance, comparability, accuracy, timeliness, clarity and reliability. The GRI has audited this report according to the provisions of G3 and recognized its conformity with “Level A+.”

Scope of reporting and data acquisition methods. You will find further information on the methods used for data acquisition as well as the limits of our sustainability reporting online.

online 602 <http://sustainability.daimler.com>

Material quality as a measure of our sustainability activities and reporting. Material quality – or importance – is an important metric for us when it comes to our sustainability activities and, in particular, reporting. In general, the relevance of individual factors to the sustainability activities of a company are assessed differently by stakeholders than by those holding positions of responsibility within the company. In order to determine the intersection of those aspects of sustainability considered to be of importance by both parties, we have resorted to empirical methods of research in the analysis of material quality.

Methods and elements of our material quality analysis.

Our departments, the Society and Technology Research Group, and the company's News and Issues Management unit continuously address changes in the environment, the economy, and society. With the help of monitoring processes and expert surveys, one of their key tasks is to identify development trends.

Imprint and contact

Within a structured process of analysis, we study these trends to determine their relevance and likely consequences. The aim is to derive focal areas and evaluate likely challenges for the company.

In addition, we also benefit from our Sustainability Dialogue – an instrument that helps us intensify and systematically organize our exchange with stakeholders at both the national and international level. On the basis of this exchange with important stakeholders we develop suggestions on how to address important sustainability issues at the company and formulate concrete working procedures.

Our material quality matrix. The sustainability issues and focal areas thus determined are mapped on a two-dimensional material quality matrix according to their importance for the stakeholders and for our company. In our Sustainability Report, we concentrate primarily on those aspects that are of substantial importance for both stakeholders and the company, because they fulfill the following criteria:

- They currently affect or will affect our business activities to a substantial degree.
- They are extremely important to our stakeholders.
- We are in a position to influence them – directly or indirectly

Material quality in our Sustainability Report. Our 2010 Sustainability Report covers all of the sustainability topics that our material quality analysis has deemed to be significant. The interactive online report looks at these topics in greater depth and provides additional information.

Disclaimer. We have exercised extreme care in the compilation of the data in this report. Nevertheless, we cannot entirely exclude the possibility of error. Insofar as this report contains forward-looking statements, these are based on data and forecasts available at the time of publication. Although such projections are drawn up with the greatest care, a great variety of factors which were unforeseeable at the time of publication may lead to deviations. The content of the report was examined and approved by the responsible professional staff. There was no examination by a financial auditing firm.

Daimler published the last Sustainability Report in April 2009 under the title *360 DEGREES – Facts on Sustainability 2009*.

Editorial deadline for this report: March 15, 2010

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The report *360 DEGREES – Facts on Sustainability 2010* is printed on natural paper, specifically Planoart (cover) and Amber Graphic (text). These types of paper bear the quality certificate of the global certification organization Forest Stewardship Council (FSC).

This quality label certifies not only compliance with stringent criteria for the responsible cultivation of forests (preventing unregulated logging, no violations of human rights, and no environmental pollution) but also observance of a catalogue of criteria applying to the processing of wood, including verifiable proof of the product's chain of custody.

<http://sustainability.daimler.com>

The interactive online report *360 DEGREES – Facts on Sustainability 2010* presents the content of the printed version in a manner more suitable for online viewing plus a wide range of in-depth background information. This includes a compilation of key figures and specific vehicle data, as well as the interactive GRI Index.

Daimler AG, Stuttgart, Germany