

Our “road to accident-free driving.” Vehicle safety is one of our core areas of expertise and a key component of our product strategy. An important chapter in the history of vehicle safety actually began 75 years ago when the engineer Béla Barényi joined the former Daimler-Benz AG. Mercedes-Benz has been shaping the development of safety systems ever since that time. Many of the company's innovations, especially those for protecting vehicle occupants and other road users, have saved countless lives. Our vision of accident-free driving will continue to motivate us to make mobility as safe as possible for everyone in the future.

Intelligent Drive in the new C-Class. Ensuring the highest degree of safety for everyone – this is the stated goal of Mercedes-Benz. That is why within the framework of the Mercedes-Benz Intelligent Drive program, we equipped the new C-Class with many of the new assistance systems with expanded features that celebrated their world premiere in the S-Class and E-Class. Although the European NCAP (New Car Assessment Program) crash tests were more extensive and stringent in 2014 than in the previous year, the new Mercedes-Benz C-Class passed them with flying colors. The model thus received the best rating of five stars for occupant safety, child safety, pedestrian protection and its assistance systems. The Mercedes-Benz C-Class also received the Euro NCAP Advanced Reward for two of its safety systems: ATTENTION ASSIST, which detects signs of driver fatigue, and the PRE-SAFE® anticipatory occupant protection system. The Mercedes-Benz GLA compact SUV and the V-Class underwent NCAP tests as well and also received top marks.

PRE-SAFE® expanded to include important new functions. Ten years ago, Mercedes-Benz presented a groundbreaking safety-technology concept in the form of the PRE-SAFE® anticipatory occupant protection system, which has been continuously further developed ever since. New important components were also added in 2014. These new PRE-SAFE® functions can help prevent accidents with pedestrians and rear-end collisions in city traffic, defuse dangerous situations caused by traffic coming from behind, and enhance the protection offered by seatbelts. The PRE-SAFE® Brake can now also detect pedestrians and initiate an autonomous braking maneuver to avoid a collision at speeds up to 50 km/h. PRE-SAFE® PLUS can recognize an imminent rear-end collision and warn cars behind by rapidly flashing the rear hazard lights. If the danger of a collision persists, the system can also firmly apply the brakes to the stationary car and thus minimize the risk of whiplash by reducing the forward jolt caused by the impact. In addition, the autonomous braking feature to protect against collisions with vehicles ahead has also been significantly improved.

Blind Spot Assist for trucks. Collisions during turns occur very frequently and usually cause serious damage. This is especially true when trucks and unprotected pedestrians or cyclists are involved. Blind Spot Assist from Mercedes-Benz helps prevent such collisions by reliably warning truck drivers of potential danger during turns in situations where visibility is limited. Organizations such as the German Insurance Association (GDV) estimate that Blind Spot Assist can prevent around half of all accidents that involve trucks and pedestrians or cyclists. As a result, the number of associated fatalities could fall by nearly one third. The heart of Blind Spot Assist is a radar sensor mounted in front of the truck's rear axle on the passenger side of the vehicle. The system is arranged in such a way that it covers the entire length of a semi-trailer truck or a truck and trailer combination. The area monitored even extends forward to two meters in front of the truck. The driver is given a visual signal if a moving object is detected in the monitored area at the side of the truck. If there is the risk of a collision, additional visual and audible warnings are issued. Visual and audible warnings are also issued if the sensors detect a stationary obstacle such as a traffic light or street light in the tracking pattern of the truck during the process of turning. This comprehensive support for the driver occurs over the entire speed range of the truck from a standstill to the permitted maximum speed.

New emergency braking system for touring coaches. In recent years, the Mercedes-Benz Travego high-deck touring coach has been setting standards for safety technology. The latest world first in the Travego is Active Brake Assist 3 (ABA 3). The predecessor generation, ABA 2, was already able to initiate a braking maneuver when the danger of a collision with slower vehicles ahead or with stationary obstacles existed. The new ABA 3 can do even more. For example, it is able to initiate automatic emergency braking when stationary obstacles are encountered. New legislation requires that all touring coaches newly registered as of November 2015 be equipped with an emergency braking assistance system. These requirements will also be further tightened beginning in the fall of 2018. The Travego with ABA 3 can already do more today than the regulations for 2018 will require.

Environmental protection

A comprehensive approach to environmental protection. Protecting the environment is a primary corporate objective of the Daimler Group. Environmental protection is not separate from other objectives at Daimler; instead, it is an integral component of a corporate strategy aimed at long-term value creation. For Daimler, a focus on the highest possible product quality includes compliance with stringent environmental standards and the sparing use of vital natural resources. Our measures for manufacturing environmentally friendly products therefore take the entire product lifecycle into account – from design, production and product use all the way to disposal and recycling. The environmental and energy-related guidelines approved by the Board of Management define the environmental and energy-related policy of the Daimler Group. This expresses our commitment to integrated environmental protection that begins with the underlying factors that have an impact on the environment, assesses the environmental effects of production processes and products in advance, and takes these findings into account in corporate decision-making.

€2.8 billion for environmental protection. In 2014, we continued to energetically pursue the goal of conserving resources and reducing all relevant emissions. We kept a close eye on the impact of all our processes, ranging from vehicle development and production to recycling and environmentally friendly disposal. Our expenditure for environmental protection fell temporarily from €2.9 billion to €2.8 billion in 2014, mainly as a result of powertrain model cycles.

Environmentally responsible product development. A vehicle's environmental impact is largely predetermined in the first stages of development. The earlier environmentally responsible product development (Design for Environment, DfE) is integrated into the development process, the more efficiently it can help minimize the impact on the environment. The continual improvement of our products' environmental compatibility is therefore a major requirement when setting product specifications. Our DfE experts are involved in all stages of the vehicle development process as a cross-functional team. We also systematically integrate our product design processes into our environmental and quality management systems in accordance with ISO 14001 and ISO 9001. Mercedes-Benz has been in full compliance with the relevant standard – ISO 14006 – since 2012. Mercedes-Benz has also been certified according to ISO TR 14062, the standard for environmentally oriented product development, since 2005. It was the first automaker in the world to achieve this certification.

Further reductions in cars' CO₂ emissions. Daimler makes great efforts to reduce the fuel consumption of its vehicles while enhancing their performance – and thus increasing driving enjoyment and safety reserves. With a fleet average of 129 g/km (2013: 134 g/km), we once again significantly reduced the average CO₂ emissions of the cars we sell in the European Union in 2014. This achievement was due to the further optimization of our BlueEFFICIENCY measures, the success of our efficient hybrid drive and extremely fuel-efficient new models. Over the past five years, we have reduced the CO₂ emissions of our cars by more than 19%. More than 60 Mercedes-Benz models emit less than 120 g CO₂/km, and more than 90 models have received A+ or A energy efficiency labels. ↗ **B.43**

These include the new S 500 PLUG-IN HYBRID¹. With certified fuel consumption of 2.8 l/100 km and emissions of 65 g of CO₂/km, the model is the most efficient vehicle in its segment and therefore also bears the best efficiency label of A+.  see pages 4 ff The E 300 BlueTEC Hybrid is also very fuel-efficient². The car combines a 150-kW four-cylinder diesel engine with a 20-kW electric motor and consumes only 3.8 liters/100 km on average. That corresponds to CO₂ emissions of 99 grams per kilometer.

We plan to use innovative technologies for locally emission-free mobility and, more importantly, new hybrid models, in order to further reduce the fuel consumption and CO₂ emissions of our cars. Our goal is to reduce the CO₂ emissions of our new-vehicle fleet in the European Union to 125 g/km by 2016. We have also continuously reduced the pollutant emissions of our cars in recent years – by more than 80% since 1995 and by over 20% in the past five years. Thanks to BLUETEC technology, we are a world leader for diesel vehicles. Automobiles equipped with this technology conform to the strictest emissions standards and are the cleanest diesel cars in the world.

Economical and low-emission commercial vehicles. We have also continuously reduced emissions of CO₂ and pollutants from our commercial vehicles in recent years. Along with the introduction of BLUETEC technology, these reductions have been achieved through more efficient new engines, the Mercedes PowerShift 3 automated transmission fitted as standard equipment, axle ratios better suited to specific needs and improvements to tires and aerodynamics. Daimler was also the first manufacturer to offer its entire European product range in a Euro VI version well before those new emissions standards went into effect in January 2014. This development began in 2011 with the launch of the new Actros for long-distance road haulage. It was followed in 2012 by the Antos for heavy-duty distribution transportation. In 2013, we introduced the Arocs for the construction sector and the Atego for light-duty distribution transportation. We completed our Mercedes-Benz Trucks product offensive with the Mercedes-Benz Unimog and Mercedes-Benz Econic special vehicles, which have been rolling off the assembly line in Wörth equipped with BLUETEC 6 technology since the fourth quarter of 2013. Despite complex exhaust-gas treatment, our new Euro VI engines consume up to 5% less fuel than the predecessor Euro V engines. We are also leading the way with the introduction of the latest exhaust technology in the bus sector. All Mercedes-Benz and Setra model series are now available with Euro VI technology.

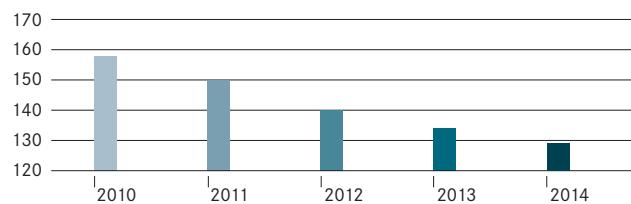
1 S 500 PLUG-IN HYBRID: fuel consumption in l/100 km: combined: 2.8; CO₂ emissions in g/km (combined): 65; electricity consumption in kWh/100 km: 13.5

2 E 300 BlueTEC HYBRID: fuel consumption in l/100 km: urban 4.1–3.9; extra-urban 4.1–3.8, combined 4.1–3.8; CO₂ emissions in g/km: combined 109–99

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Average CO₂ emissions of the new car fleet of Mercedes-Benz Cars in the EU

g/km



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CO₂ emissions

Year	CO ₂ emissions (g/km)
2010	158
2011	150
2012	140
2013	134
2014	129

In 2013, we also set a new benchmark for fuel efficiency in the North American truck market with the launch of our new heavy-duty Freightliner Cascadia Evolution. Thanks to its improved aerodynamics and its new Detroit DD15 engine equipped with proven Daimler BLUETEC exhaust technology, the new heavy-duty truck consumes 7% less fuel than the predecessor model. This was measured and confirmed by an independent agency in the course of a one-week test drive across the United States.

The consumption of diesel fuel can also be greatly reduced by hybrid technology – particularly in vans and trucks used for distribution transportation. For example, the FUSO Canter Eco Hybrid consumes up to 23% less fuel than a comparable diesel truck, depending on use, and the Freightliner M2e Hybrid consumes up to 30% less fuel than a conventional diesel-powered M2 106. No other commercial vehicle manufacturer has more experience or has done more testing in the areas of alternative drive systems and electric mobility. We also have the most extensive lineup of series-production vehicles in this field, ranging from vans and trucks to buses. There are more than 1.2 million environmentally friendly Daimler commercial vehicles equipped with SCR technology on the road worldwide, as well as a further 21,000 vehicles with alternative drive technology.

In Europe, we aim to reduce the fuel consumption of our truck fleet by an average of 20% between 2005 and 2020. Compared with the year 2005, we already achieved a reduction of 10% in fuel consumption and CO₂ emissions with the launch of the new Actros model series in 2011, and we are working systematically on achieving the next 10%.

Actros wins the “Fuel Duel.” The Actros once again demonstrated its outstanding fuel economy during the year under review by beating the competition in “Fuel Duel” fleet trials. The Mercedes-Benz brand claim for the Actros in the competition was that the model is the most fuel-efficient truck and would therefore consume less fuel than the most economical truck in the other fleets participating in the “Fuel Duel.” The Actros took part in just under 600 fuel duels in 2014 and emerged as the winner more than 90% of the time. On average, the Actros was 11% more fuel-efficient than comparable rival models.

Economical super trucks. We utilize highly efficient powertrains and sophisticated aerodynamic features in our North American semi-trucks (Class 8) in order to reduce their fuel consumption and CO₂ emissions. This is true of the new Western Star 5700XE as well. The truck's front end and its chassis and cab paneling were aerodynamically redesigned in a manner that significantly lowered air resistance. The model is also equipped with a new integrated Detroit Diesel powertrain featuring a DD15 engine that operates at a lower revolutions as well as a DT12 automated transmission and a particularly fuel-saving rear axle. The individual measures and especially the finely tuned overall package have led to a reduction in fuel consumption of nearly 15% as compared to the reference vehicle, a Western Star 4900 FE.

Through its use of further refined technologies, Daimler has also succeeded in meeting the targets of a research project organized by the US Department of Energy. Our test vehicle achieved the required efficiency gains in 2014 for both the entire tractor-trailer and engine efficiency. Daimler was able to demonstrate engine efficiency of more than 50% on a test rig, and during two test drives on a highway the tractor-trailer combination displayed up to 61% greater overall efficiency compared with the base vehicle from 2009.

Award for climate protection and environmental management. At the 2014 CDP Climate Leadership Award Conference in Munich, CDP (formerly the Carbon Disclosure Project) acknowledged Daimler AG as the leader in its sector for the automotive industry. The company received the award for its outstanding commitment and exemplary transparency in addressing climate change and achieved the maximum possible score of 100 in the Climate Disclosure Leadership Index (CDLI). Daimler also received the highest possible performance rating of “A” for the measures it has introduced, the progress it has already made and its planned strategies for reducing CO₂ emissions. One of the things the CDP honored Daimler for was the fact that the company has reduced the CO₂ emissions of its new car fleet in Europe by more than 20% over the last five years. Along with its continual improvements to individual vehicle models, the Group’s efficient production, including the environmentally friendly generation of electricity, also contributes to its positive performance.

During the year under review, Daimler AG was also once again very successful in the manufacturer rankings of the motoring association Verkehrsclub Deutschland (VCD). VCD cited the company’s open information policy and its early compliance with the more extensive particulate thresholds for direct-injection gasoline engines, which do not go into effect until 2017, as important factors in its decision to name Daimler the most environmentally friendly manufacturer in 2014.

Lower weight, more recycles and more natural materials. We want to make our vehicles lighter and further reduce the environmental impact of the materials used in their production. To achieve these goals, we are using new lightweight materials and components. In addition, we are increasingly utilizing renewable resources and recycled materials. Intelligent lightweight construction can reduce the weight of a vehicle without compromising safety and comfort. Along with material selection, component design and manufacturing technology also play a key role in lightweight engineering. Not every material is suitable for every component. At 35%, the bodywork accounts for the largest portion of a vehicle’s total weight. After that comes the running gear at 25%, the comfort and safety equipment at 20% and the engine and transmission also at 20%. The most effective way to reduce vehicle weight is therefore to focus on the body.

For example, the innovative aluminum hybrid body for the new C-Class is approximately 70 kilograms lighter than a conventional body made of steel. In total, we were able to reduce the vehicle’s weight by almost 100 kilograms compared with the previous model. The share of aluminum used for the vehicle body increased to nearly 50%, compared with less than 10% with the predecessor model.

Extensive recyclability of old vehicles. To make our vehicles more environmentally friendly, we are reducing our automobiles' emissions and the resources they consume over their entire lifecycle. We therefore pay close attention to creating a recycling-friendly design already at the development stage. Up to 85% of the materials in all Mercedes-Benz models are recyclable and as much as 95% of the materials are reusable. This means we were in compliance with the new EU recycling directive before it even went into effect at the beginning of 2015.

Other proven elements of our recycling concept are the resale of inspected and certified used parts, the remanufacturing of parts and the MeRSy Recycling Management workshop disposal system.

Avoiding waste. In the area of waste management, Daimler believes that recycling and the prevention of waste are better than disposal. Accordingly, the reconditioning and reuse of raw, process and operating materials has been standard practice at our plants for many years. In order to avoid the creation of waste from the outset, we use innovative technological processes and environmentally focused production planning. Waste materials that are unavoidable are generally recycled. As a result, the recycling rate for waste at our plants is over 85% on average. At some plants, almost 100% of the waste is now recycled, meaning that waste destined for landfills has been almost completely eliminated.

As we systematically pursue our environmental protection activities, we rely on comprehensive environmental management systems. Today, more than 98% of our employees worldwide work in plants whose environmental management systems have been certified as conforming to the ISO 14001 or EMAS environmental standards.

Extensive measures for environmental protection in production. In recent years, we have been able to limit the energy consumption, CO₂ emissions, production-related solvent emissions and noise at our plants with the help of environmentally friendly production processes. As a result, energy consumption during the period 2010 – 2014 increased by only 5.4% to 10.9 million megawatt-hours, which was well below the rate of production growth. During the same period, CO₂ emissions actually decreased by 6.0% to a total of 3.3 million metric tons, thanks to a transition to energy sources that produce less CO₂. Our ongoing energy-saving projects enabled us to more than offset the additional energy consumption that resulted from the significant increase in production in 2014. Energy consumption in the reporting year therefore decreased by 1.9% from the prior year, and CO₂ emissions actually decreased by 2.6%. With resource-conserving technology such as circulation systems, water consumption rose by only about 6.2% between 2010 and 2014, well below the rate of production growth. Despite the aforementioned increase in production, the savings measures taken meant that it was actually possible to reduce water consumption by almost 3% compared to the prior year.

Workforce

Slight increase in number of employees. On December 31, 2014, the Daimler Group employed a total of 279,972 men and women. Due to the high demand for our products, the workforce grew by 2% compared with the end of 2013. At the beginning of 2014, we had anticipated that the workforce would remain stable. The number of employees in Germany increased to 168,909 (2013: 167,447) and employee numbers also rose in the United States, to 22,833 (2013: 20,993). At the end of 2014, Daimler employed 12,313 men and women in Brazil (2013: 14,091) and 11,400 (2013: 11,275) in Japan. ↗ **B.45**. Our consolidated subsidiaries in China had a total headcount of 2,664 at the end of the year (2013: 1,966). At the end of the reporting year, the parent company Daimler AG employed a total of 151,524 men and women (2013: 150,605).

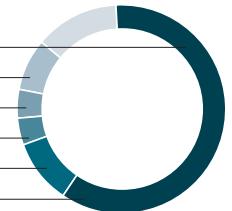
Due to reorganization within the context of the Customer Dedication initiative, the employees previously reported under "Sales & Marketing Organization" are included in the employee numbers for the respective divisions as of 2014. However, this does not apply to the Group's own sales and service centers in Germany and the global logistics center in Germersheim, whose employees are included under "Group Functions & Services" as of 2014. Workforce numbers in all divisions increased compared with the previous year. ↗ **B.46**

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Employees at 12/31/2014

By region

Germany	60.3%
Europe, excluding Germany	12.9%
USA	8.2%
Brazil	4.4%
Japan	4.1%
Other	10.1%



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Employees by division

	2014	2013	14/13
Employees (December 31)			
Daimler Group	279,972	274,616	+2
Mercedes-Benz Cars	129,106	96,895	+33
Daimler Trucks	82,743	79,020	+5
Mercedes-Benz Vans	15,782	14,838	+6
Daimler Buses	16,631	16,603	+0
Daimler Financial Services	8,878	8,107	+10
Group Functions & Services	26,832	–	–
Sales & Marketing Organization	–	52,455	–
Other	–	6,698	–