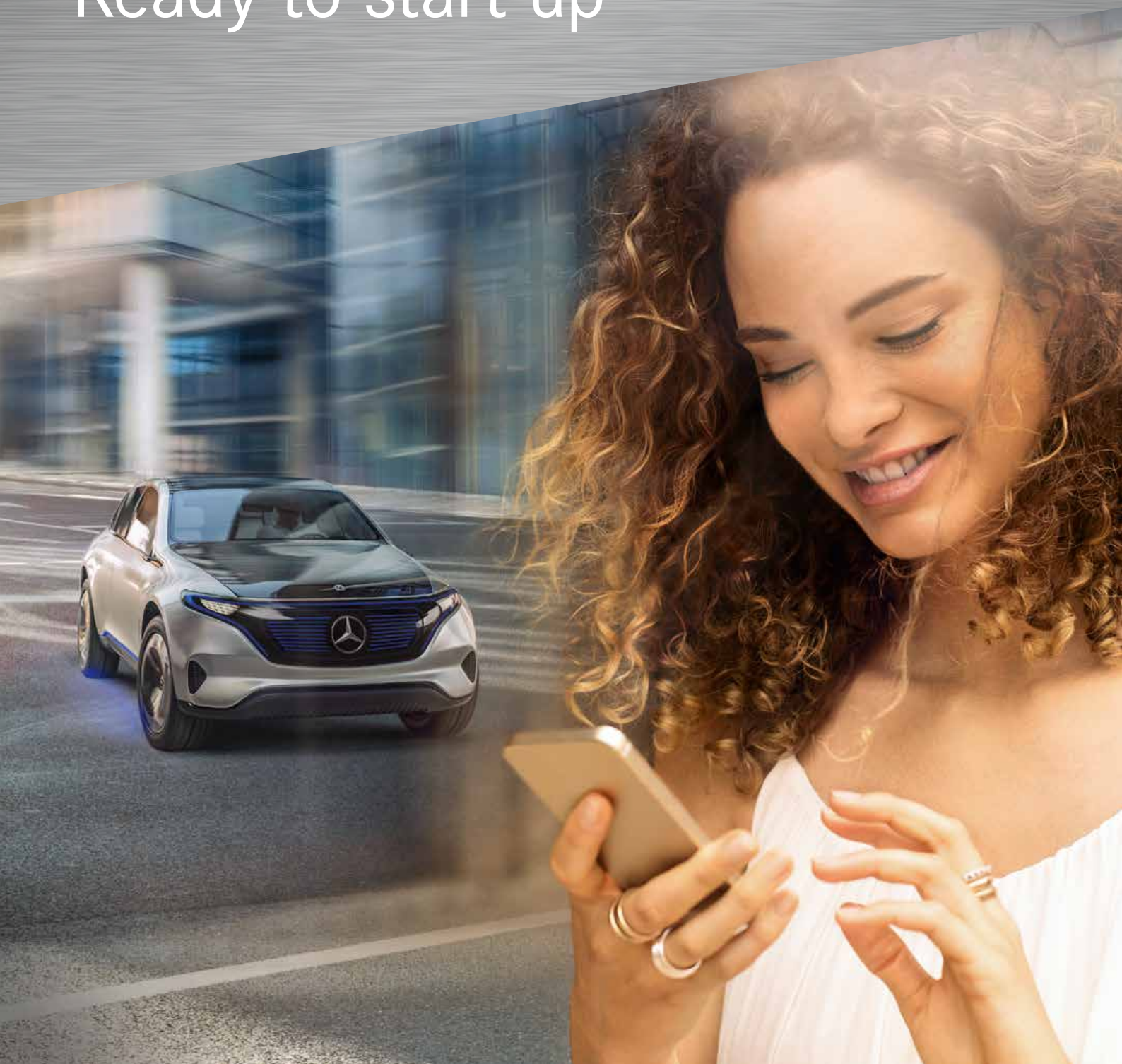
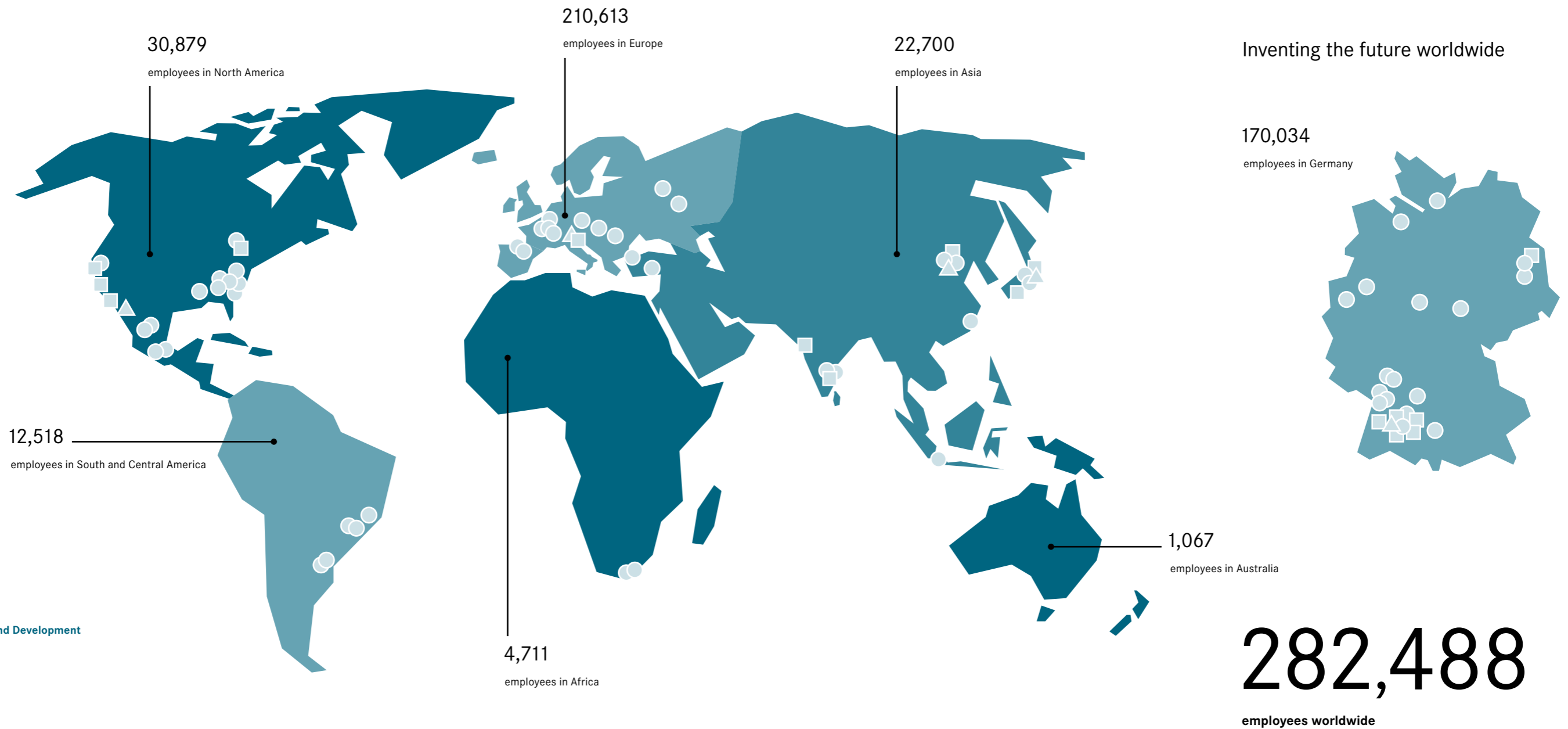


DAIMLER

Ready to start up

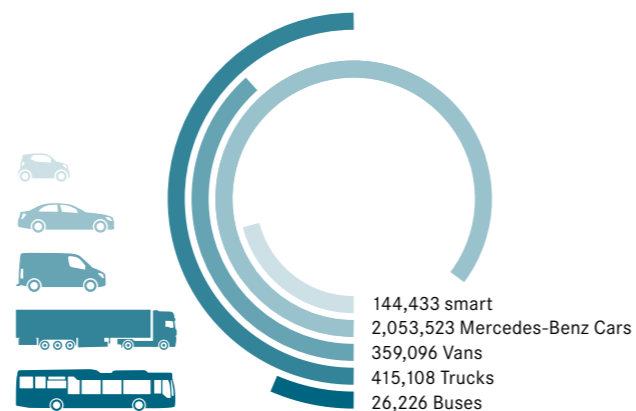




3.0 m

vehicles sold

Daimler's brand portfolio includes Mercedes-Benz, the world's most valuable premium automotive brand, as well as Mercedes-AMG, Mercedes-Maybach and Mercedes me, plus the smart, EQ, Freightliner, Western Star, BharatBenz, Fuso, Setra and Thomas Built Buses brands, and the Daimler Financial Services brands: Mercedes-Benz Bank, Mercedes-Benz Financial Services, Daimler Truck Financial, moovel, car2go and mytaxi.



153.3 bn euros
worldwide turnover

5.9 bn euros of real investment

7.6 bn euros for research and development work

12.9 bn euros
operating profit



Facts and figures in the 2016 Annual Report

“In the best year of our company’s history to date,
we also initiated the biggest change. We are in the
process of reinventing our entire company.”

Dieter Zetsche

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







Mercedes-Benz
Urban eTRUCK

Biggest success, biggest change

We welcomed over 800,000 visitors to our Mercedes-Benz Museum in 2016. And almost three million customers chose a vehicle from the Daimler stable. So we are certainly continuing our impressive tradition.

The current success is based on our versatility. In recent years we have demonstrated the courage to change across the board – from the renewal of our product portfolio to the restructuring in China. Our future success will be based on even further-reaching changes, the foundations for which have already been laid.

In the best year of our company's history to date, we also initiated the biggest change. We are in the process of reinventing our entire company.

We have flipped the electromobility switch throughout the range – from our passenger-car portfolio to our heavy-duty trucks. We are also continuing to push forward the networking of our vehicles. We want to strengthen our leading position in the field of autonomous driving and expand our mobility platforms. Every single one of these areas has the potential to turn our entire industry on its head. But the true revolution lies in linking them all together. That is what we are working on.

And whilst we are doing all this, we are also reinventing Daimler: with flatter hierarchies, faster decision-making and more flexible forms of cooperation.

The mobility of the future offers a wealth of new opportunities for Daimler. We will make the most of them.

Yours

Dieter Zetsche

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





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More safety, more relaxation and fewer emissions.
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Shape your own future. Move the world.
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Let's change the mobile world.

Mobile Life

Good morning, world

6.45 a.m. The smartphone rings. Time to get up – to a changed world. People travelling through real and virtual spaces. Millions of terabytes richer, millions of connections wiser. All overnight. At a high tempo. We go along, lead the way. Into a future in which everyone can choose how they want to keep moving.

The day begins. We're thrust headlong into mobile life. On the move on data paths and asphalt roads. And our connectivity starts.





Start-up spirit since 1886

Start!

We built the prototype for all start-up garages over 130 years ago. Out of it drove the first automobile.

Being a start-up does not end after founding the company. It is a permanent, fascinating process. Today we are on the move digitally and scale new heights: mobility is becoming intelligent – and data are becoming mobile on the road.

It's the dynamism of a quantum leap, and at Daimler we feel its energy everywhere. It is sparked above all in our development and innovation centres. Future solutions that drive our mobile society forward are devised from Sindelfingen to Silicon Valley. Because start-up energy is deeply rooted in the Daimler DNA. It drives creative folks, freethinkers and engineering masterminds in all our divisions. Above all it strengthens our global team – not least when it comes to one of the focal points of our research and development: the networking of driver,

vehicle and outside world. Our current E-Class is already way ahead on this road to autonomous driving.

Employees at Daimler conduct research, perform experiments and think beyond the previous understanding of mobility. They set trends that become key issues: what started as an urban mobility experiment is now car2go – the world's most successful carsharing concept. In a similarly effective manner, the moovel mobility app is reinforcing the role of the smartphone as a life navigation system.

The world is changing. We think a long way ahead and move quickly. We invented the automobile over 130 years ago. Today we are working on its reinvention. Starting from pole position.



Zero emissions and quiet as a whisper: the Mercedes-Benz Urban eTruck defines the state of the art of all-electric driving in heavy-duty short-radius distribution.

Sustainability at a premium level

The broad perspective

How can we further reduce fuel consumption and CO₂ emissions?
How can we make vehicles expand our capabilities? Let's widen our perspective – and enjoy the view.



Outstandingly aerodynamic vehicles that are clean, safe, autonomously driving and equipped with intuitive connectivity – this is how we imagine the mobility of the future to be. The goal is emission-free mobility, and the road there sees us confronting the influences of the entire value chain.

Our engineers boost the efficiency of internal combustion engines with each new model. Furthermore, we are aggressively advancing the hybridisation of our vehicle fleet and have eight plug-in hybrid models on the market already. The facelifted S-Class marks the start of the next generation of plug-in-hybrid technology from 2017 – with an electric range of more than 50 kilometres for the first time. Purely electric vehicles, and not just passenger cars, already offer immense driving pleasure. The Fuso Canter E-Cell light-duty truck, for example, is already capable of emission-free and low-noise operation for over 100 kilometres. Our electric vehicles with fuel-cell drive are also moving ahead cleanly. The electrical energy for this is generated directly on-board using hydrogen. A new generation of electric vehicles with fuel cell based on the Mercedes GLC will take to the road from 2017.

Premium cars from Daimler are among the safest in the world. Featuring enhanced Intelligent Drive – a Driving Assistance package – the current Mercedes-Benz E-Class scales new heights. Like an automotive sensory organ, the system detects and maintains the correct distance to vehicles in front – and already allows partially automated driving. The new E-Class assists the driver when changing lanes on multi-lane roads. It also warns the driver of hazards thanks to Car-to-X communication. And it assists the driver during emergency braking thanks to the enhanced functionality of Active Brake Assist. A similar technology is used to maximise safety in trucks: within its system limits, Active Brake Assist 3 – ABA3 for short – can fully apply the brakes ahead of moving or stationary obstacles and bring the vehicle to a complete standstill if necessary.

Daimler sets milestone after milestone with its integral safety concepts. For the protection of the vehicle occupants and the protection of other road users.



Wind it up outside, wind down inside. In autonomous mode, the lounge seats in the Mercedes-Benz F 015 Luxury in Motion research vehicle can be turned to face each other.

The future of driving is autonomous

The great adventure

Individual transport, carsharing and logistical processes – everything will change following the biggest mobility revolution since the invention of the automobile: autonomous driving.

In late July 1888, Bertha Benz set out on a journey from Mannheim to Pforzheim in her husband Carl Benz's Patent Motor Car. She covered what was then an astonishing distance of 100 kilometres – the first time this had been achieved without horses. Some 125 years later, a Mercedes-Benz S-Class completed the same route in normal road traffic. What made this trip special was that the car drove itself without any active driver intervention. It successfully negotiated complex traffic situations involving traffic lights, roundabouts and cyclists completely autonomously. What sounds like a distant future scenario is actually already technically possible to a similar extent in many Mercedes-Benz vehicles.

The journey continued in 2014 when Mercedes-Benz unveiled the world's first autonomously driving truck in the shape of the Future Truck 2025. It was equipped with the Highway Pilot, which assists the driver with intelligent assistance systems supplemented by cameras, radar sensors and communication options. The technology was then deployed in the USA when, in mid-2015, the Freightliner Inspiration Truck

became the first registered truck to drive along a public road autonomously in Nevada. Just five months later, Daimler Trucks sent a standard-production Mercedes-Benz Actros out onto the A8 motorway in Germany. In the same year, the Mercedes-Benz E-Class was the world's first standard-production vehicle to receive a test license for autonomous driving in the US state of Nevada.

Each of these trips was historic and signalled the dawn of a new era in mobility. Our Mercedes-Benz F 015 Luxury in Motion shows the direction this journey will take. The autonomously driving research vehicle communicates with its environment visually and acoustically as well as giving its passengers a comfortable interior in which to relax.

On the road to autonomous driving, we have embarked upon perhaps the greatest adventure of all since cars first hit the road. In just a few years time we could have a world in which traffic flows more freely, calculably and safely. Where haulage firms are able to operate more economically and flexibly. Where life is much easier for drivers. So they can let go – of the steering wheel and the stress of driving.



The partially automated Mercedes-Benz Future Bus with CityPilot was awarded the 2017 International Sustainability Prize.

Cars for individualists

All a question of character

Daimler vehicles enhance the quality of mobile life in a unique way. From city runabout to luxury saloon, from bus to truck, they take people to their destinations all over the world.

It's not always a case of the more options, the easier the decision. That's why we've developed the Lifestyle Configurator for our vehicle fleet. It meets the need for individualisation, based on the driver rather than the product. And it asks the right questions: Chanel or Chucks? Baroque or Bauhaus? Surfing or symphony orchestra? What do you like, what surrounds you, where do you travel? So those who prefer studying masterpieces rather than master computers receive offers for models and equipment that match their way of life. It's then easy to fine-tune your dream car.

Individualisation is available to every customer – with any Daimler vehicle they desire. No one truck is equipped like another. We build each bus to customer requirements, each camper van to individual specifications. And construction site vehicles have precisely the amount of power they need to complete their tasks effectively.

Our long-distance buses set benchmarks in comfort. Drivers benefit from the most sophisticated assistance systems, passengers from the most comfortable seats and the environment from the lowest-emission drive systems in the industry. Be it personalised business saloon, family van, cross-country vehicle, sports car or city car: our models fulfil design dreams, satisfy a lust for freedom and a thirst for adventure – whilst always appealing to good sense.

Mercedes-Benz passenger cars are practically unsurpassed when it comes to model diversity and exclusivity. They can be customised in the truest sense of the word with paintwork and leather from "designo manufaktur". From the satin-finish surface to the topstitching, the specialists here are true masters of the exterior and the interior. A unique specimen every time.



Urban Life

In tune with the heartbeat of the city

Inspiration for the senses. Smells and noises, din and sound. Life pulses through the city streets. Vehicles and goods move through urban areas. People stroll, run, arrive. And continue on their way.

What do we want the city of the future to be like? Creative, lively and worth living in. Let's enjoy a new culture of mobility. We positively revel in the research and development work performed to this end.





Multi-modal mobility for city nomads

Move, share, care

See that smart car on the street corner? It's mine for the next half hour: one swipe on my smartphone and I'm inside. Get in, drive away and park at the destination – so another driver can use the car afterwards.



With car2go carsharing, an available car can be rented on the spot – without the stress and without the high costs. Basically, all you need to do yourself is drive. There's more – since future carsharing could look like this: the car2go car drives up, drops off the passenger at their destination and parks itself. Maybe it won't even need to park because it's already on the way to pick up its next passenger. Urban mobility is as colourful and diverse as the apps available for a smartphone. Each mode of transport has its justification, from the bike to the car, from the underground to the taxi. Intelligent concepts are now also making public transport systems more attractive to people who previously thought them too inflexible.

A mix of various modes of transport, cleverly calculated by the moovel mobility app, guides

people through the city quickly and straightforwardly. The app shows the trip duration and the cost of local public transport, car-sharing providers, mytaxi, rental bikes and Deutsche Bahn trains on the user's smartphone or tablet. Most of the services on offer can be booked and paid for directly in the moovel app. If the trip involves just a taxi ride, on the other hand, the mytaxi app makes booking, calculation and payment easy in just a few steps.

Sharing rather than owning is more than just a trend. A parking space that is empty for most of the day, or a second car that is rarely used: a sharing economy and multi-modal vehicle use can improve the traffic situation in urban areas. We are already implementing intelligent concepts for this.



Daimler's sustainable transport concepts receive positive feedback worldwide. The Bus Rapid Transit system ensures reliable urban mobility.



Mobility culture for the senses

Premium quality that's easy on the nose and ears

Urban areas are becoming more and more densely populated all over the world. Globally, there have been more people living in cities than in the countryside since 2007. We want to ensure mobility in built-up areas for coming generations, too – with economical, clean and efficient vehicles.

Sophisticated hybrid drives significantly reduce fuel consumption and CO₂ emissions by combining internal combustion engines with electric motors. We are devoting a great deal of energy to driving this development forward. Behind our plug-in hybrid initiative lies the intelligent modular hybrid concept from Mercedes-Benz: with its scalable structure, it can be adapted to a multitude of model series and body versions. Daimler buses and Fuso light-duty trucks are likewise exceptionally efficient. They score points with low emissions thanks to hybrid technology, natural-gas drive or purely electric drive.

Our natural-gas vehicles easily comply with the strictest emissions standards currently in force.

They do a wonderfully clean job as urban regular-service buses or as special-purpose vehicles for groupage transport and short-radius distribution. We also have products aimed at reducing noise in cities: exceptionally quiet vehicle components, choice insulation materials and excellent aerodynamic features, for instance.

Cities out of breath. It's already a major plus if traffic in major cities can flow more freely and efficiently. In built-up areas like Istanbul, Rio de Janeiro and Mexico City, Daimler engineers are bringing city-centre services up to speed with Bus Rapid Transit (BRT). The principle is as follows: buses drive in dedicated bus lanes, stop at separate bus stops and follow specific traffic-light sequences. For the future, we are working toward also deploying autonomously driving buses on BRT routes.





Assistance systems for the city

Staying or going?

A woman is crossing the road, looking at her smartphone rather than the traffic. A cyclist swings to the left, children are running on the pavement. A couple of extra eyes would be great right now.

Intelligent assistance systems assist us with ever more capabilities for dealing with arduous urban traffic. If we hit a traffic jam, the Drive Pilot takes over the controls. Plus collision warning systems, Traffic Sign Assist systems and Brake Assist systems with pedestrian detection make urban traffic safer for all road users. Daimler researchers are now going a step further still by giving the clever assistance systems capabilities based on human vision. As part of the Ur:ban research initiative, they have developed a camera-based system that can also classify unknown situations automatically. It “detects” a pedestrian as a pedestrian and not as a tree, for instance. Previously only humans were able to do this.

This astonishing performance is down to computers in artificial neural systems, called Deep Neural Networks. The researchers fed these computers with thousands of images from cities in which they had labelled various types of object such as vehicles, pedestrians, cyclists, roads, pavements or posts. From its experience of these scenes, the system even learned to correctly classify completely unknown images and recognise them even

from a great distance. Other radar and camera-based systems for urban areas even detect the intentions of pedestrians and cyclists based on their head posture, body position and position at the roadside. For trucks, too, Daimler offers Cornering Assist, making it the world’s first manufacturer to provide a system that detects vehicles and people in the blind spot and assists the driver when changing to an inside lane. Never before has automotive mobility been so intelligent.

Daimler has a highly effective global research and development network in place for these technologies. Since January 2016, two new Tech Centers have been addressing future issues in Germany, too: the Tech Center a-drive where research focuses on autonomous driving and the Tech Center i-protect which concentrates on the safety systems for future vehicle generations. Here teams from industry and science work together to ensure an even quicker transfer of the results from research in the field of integral safety to our vehicles.



Automotive comfort for aficionados

Our own time in our own space

Roaming the streets is fun. There's still a seat left outside the café to quickly enjoy the last rays of the evening sunshine. It's astonishing to see all the people passing by here. Some running, others strolling. A mixture of languages and colours from every continent. The cycle path opposite is jam-packed. A taxi stops, two people get in. A car honks its horn. Buses drive past every minute.

We will be on the move more rather than less in the future. But we can still make time for ourselves. By no longer having to worry about organising mobility and by making sure that time spent on the move is quality time. Sensors that tell us about free parking spaces, vehicles that search for their own parking space or leave the city centre when they're no longer required – all of this relieves the strain on cities and gives us more time and tranquillity. Even in the car. Because, with autonomous systems, driving will be more than concentrating and reacting to countless traffic events with hands on the steering wheel. Rather the vehicle will become a "third living space" alongside the home and the workplace – a place where there is no actual need to do anything in particular. Our private sphere in which we can do as we please. Communicate, work or relax.

During this time, digital real-time maps in the vehicle will provide us with a detailed image of the real world that is exact to the second. Thanks to its stake in the technology company Here, Daimler is helping to lead the way in the development of an innovative location platform which combines high-resolution maps with localised real-time information from countless data sources. All customers will benefit from improved ride and travel comfort, better road safety, fewer traffic jams, and cleaner cities.

Automated driving makes it easier to participate in mobility. Even for those who cannot or do not wish to drive themselves. It won't be long now before we can retreat to our cars and recuperate whilst the car takes us to the next destination where we need to be fully alert again.



Work Life

The gateway – to a new chapter in life

Who can offer me the best conditions for a successful future?
With flexible and modern working models that adapt to different
phases of life. Which fulfil the desire to learn about the world?

Vehicle construction in Sindelfingen and Würth, development of
mobile solutions in the Indian city of Bangalore and advancement
of digital networking in Silicon Valley – we are continuing to write
automotive history. With more than 282,000 authors.



Culture of diversity

282,000 personalities

We are many. Colourful and international. Different and the same.
We are stronger together than alone.

All of life is here: more than 282,000 people from 150 nations make for a creative blend of cultures and lifestyles at Daimler. The more facets we develop in the company, the more successful we will be at finding global solutions and the faster ideas will be sparked. Diversity Management unlocks and harnesses this potential at Daimler.

Dealing with diversity is decisive for the future in a world that is undergoing rapid change. Mixed-composition teams open up more new perspectives – in departments where up to five working generations collaborate productively, for instance. They represent the desires and demands of a society that is more diverse than ever before. Even after retirement, our former employees can contribute their skills to projects and short-term missions by becoming “Senior Experts”. In this way we safeguard our employees’ valuable knowledge.

Mixed workgroups achieve better results, not only in the case of Generation Management but also when it comes to Gender Diversity. We want to give management responsibility to even more women and prepare them for this with leadership and mentoring programmes. The target is to raise the share of women in top management positions within the Daimler Group to 20 percent by 2020.

Diversity has an especially positive effect when it is supported by many, such as in gender networks, ethnic/cultural networks or sexual-identity networks. These forums allow us to develop a culture of openness and inclusion from which everyone benefits.



Modern working

A flexible network

Quickly make a career or have lots of me time?
Maximum flexibility or rigid structures?
Luckily there are working models for every life plan.

How do I want to work? Pretty much everybody has asked themselves this question. Maybe with a different answer every time. People have different needs in different phases of life. A young woman starting out in her career may not mind working extra hours. But if she becomes a mother, she may prefer to work part time for a few years before returning to full-time employment. In this case it is ideal to have a framework that safeguards life planning but nevertheless remains flexible. Mobile working, flexible working-hours models and jobsharing are just three of the many options that we as a large company can offer. Even those with a desire to discover the world or obtain a qualification can take lots of time out for this – with right of return for up to five years.

Career or private life? Both would be great!
Flexible working hours, parental or family leave,

and childcare at the Daimler locations are further arguments for this. Return-to-work coaching and short-term project assignments gently smooth the way for a return to the workplace. We also want to assist our employees in caring for relatives – at least by assuring them that their job at Daimler remains safe.

Those who are dedicated to their work must have enough time for themselves and their loved ones. Otherwise they have too much on their minds and life becomes increasingly empty. Life balance and dealing with stress or social conflicts – these are key issues of our time. Daimler managers are trained to detect signs of personal crises – even in themselves. Health promotion, medical care and integration management are networks we are keen to put in place for our employees.





Life-long learning

Pretty smart

We need people with ideas and know-how. That's why we encourage anything that expands knowledge and strengthens personal development. For an entire working life. Right from the start.

School's finished. Time to really knuckle down and get on with things. Whether it's building cars, testing materials or working on the commercial side, training at Daimler is the perfect career start. It's also possible to see the world: thanks to international exchange programmes, our junior staff can complete part of their training abroad.

One alternative to this is an integrated degree programme – for those who want to quickly get on with starting a career and are more interested in applying their knowledge straight away. Our doors are wide open to all good graduates in all disciplines, and we can act as a partner to anybody wishing to study for a doctorate. In our international CAREer programme, top talents learn about all aspects of the Daimler Group – and get their careers off to a flying start.

There are many additional benefits that make working at Daimler even more attractive. Those with professional experience, for instance, can give their careers a new direction – upwards – thanks to the options that only a large group such as Daimler can offer. Training specifically for managers is provided by the Daimler Corporate Academy in cooperation with outstanding business schools.

Be it trainees or members of the board of management, life-long learning is part of our corporate culture. We support continuous specialist training for all employees with training courses, workshops and support programmes. Because expanding our employees' knowledge adds to the Daimler Group's pool of know-how.



Work in the melting pot of future industries: Mercedes-Benz Research & Development North America, Inc. in Sunnyvale, California.



Company cars for champions: Formula-1 model before an aerodynamics test in the wind tunnel.

Innovative development

Hack out the best bits

Cross-functional working which transcends hierarchical boundaries and barriers frees up enormous potential.



Night has fallen, the city is asleep, yet blue lights are still flickering inside the Mercedes-Benz Museum. 80 programmers are at work here in the midst of automotive history. Tapping and swiping to develop apps and mobile services. Pizza and coffee keep these young creative types going as they battle with their tools. When dawn breaks, it's time for some fine-tuning, followed finally at midday by the unveiling of a new idea that could write mobility history.

This is how focused and creative things get during a hackathon. Behind this coinage from "hack" and "marathon" is a method for transforming new ideas into software at lightning speed. When Mercedes-Benz developers at Daimler's Bangalore site in India applied this method to come up with a new app for monitoring bus stopping periods in real time, it took them just 24 hours.

And in Silicon Valley, Daimler staged a public contest called "Hack with the Best", during which exciting concepts for the car were developed as part of the "Internet of Things".

"Hacking out" solutions is just one example of an innovation culture in which employees can give true expression to their creativity. They receive support in a group-wide exchange encompassing all specialist departments. This gives us a better understanding of the regional characteristics of colleagues, customers and suppliers in many areas of the world. Growth at many sites also means growth in the number of "Global Assignees" – employees who are prepared to go abroad for a certain time to pass on their knowledge there and gain international job experience. We all combine in an intercultural working environment that finds common ground rather than looking for differences.

Global Life

Hola. Namaste. Ni hao!

How will we be mobile in future? The answer lies in the flow of our experts' knowledge between continents. Ideas are on the move. Visions assume automotive forms.

We combine the strengths of a global group with the energy of a start-up. We collaborate and network on a global scale. And we find solutions for the global future of mobility together.



Global networking

One team worldwide

The Daimler world is becoming increasingly intelligent thanks to the networking of all specialist departments, enabling us to tackle major tasks. From the product idea to sales, our international team swaps information to meet the wishes of our customers even more effectively.

24,200 people worldwide work on technological innovations and fascinating designs in the research and development departments at Daimler. In advancing into the mobile future, they exchange ideas and information across 35 locations in 15 countries. Engineers develop leading-edge technologies and new mobility concepts. Designers create the clean forms and sensual surfaces that make Mercedes-Benz vehicles so successful. The virtuosos at the international Advanced Design Studios in Italy, China and the USA think even further ahead. In Sindelfingen, cutting-edge design and high-tech come together to create cars of the future.

The development departments are closely networked with our worldwide production facilities. Module for module, we are digitalising all relevant processes in our global production network.

This network of complementary performances also includes the Daimler Trucks Heavy-Duty Engine Platform, for example. The engine family jointly developed in Germany, Japan and the USA meets the requirements of international markets, particularly when it comes to emissions standards. The engines are installed in the heavy-duty trucks from Mercedes-Benz, the Freightliner and Western Star trucks in North America, and the Fuso trucks in Asia.

Group-wide networking strengthens our innovation culture. It boosts innovation speeds and shortens the manufacturing times of our products. Also included in this performance system are the Controlling, IT and Sales departments. The in-house knowledge can flow freely between all departments and across all countries, making our work better and better.

The Vision Mercedes-Maybach 6 embodies ultimate luxury. The Coupé was developed by an international Mercedes-Benz designer team.



At the Advanced Interior Design Studio in Como, the designers work on interior concepts that lie far in the future.



Worldwide service

Mobile facilitators

Mobility offers at their best – thanks to our worldwide services. From sales to financial services to new mobility concepts, our global team focuses on the customer.

Wherever our customers are looking for, buying, financing or maintaining a Daimler vehicle, our service aspires to the same benchmark: excellence. At every company location, at every subsidiary and in every workshop.

Daimler Sales is offering customers increasingly individual formats. Alongside classic dealership sales, digital portals are affording more and more access to our brands. Mercedes me stores in cities offer a combination of showroom, gastronomy and café. And once a customer has chosen the vehicle they want, Daimler Financial Services (DFS) can make this automotive dream come true. The financial services in 40 countries range from leasing and financing offers to vehicle rental to insurance.

Daimler is also showing the way ahead when it comes to commercial vehicles. Thanks to intelligent networking between truck, service and transport company, the Mercedes-Benz Uptime service innovation ensures high vehicle availability, from which the operator benefits on several counts: they can call up the status of the vehicle systems in real time whenever required via fully automatic telediagnosics.

When the system detects that maintenance or repair is required, it immediately informs the service partner who then contacts the customer and arranges a suitable date for performing all the work due in one go.

We always have an eye on making fleet operations as convenient and economical as possible. By way of example, Mercedes-Benz CharterWay offers complete solutions from Vehicle Rental to Service to ServiceLeasing. Furthermore, as an answer to rising cost and time pressure, FleetBoard optimises trip planning and ensures compliance with statutory requirements. And the Mercedes-Benz ServiceCard gives truck drivers the option of cashless payment for fuel in Europe, road tolls and other invoiced services.

Global Service & Parts staff work closely together with the international markets, dealerships and subsidiaries. One of the things they do is make genuine parts quality available for Mercedes-Benz vehicles at any time and in any place. In the event of a breakdown, the vehicle's position and diagnostic data are determined, and the workshop is even informed directly. That's how mobile facilitators provide service.

After Hamburg, Milan, Tokyo, Hong Kong and Munich, Daimler opened the world's sixth and largest Mercedes me store in Beijing in 2016.



Responsible Life

Full inspiration ahead

We are not alone. Whatever we do has consequences. How do we make the right decisions? How do we protect the values that are important to us?

It's inspiring to assume responsibility. Because one thing is becoming increasingly clear: sustainability is no longer a niche concept. Sharing is becoming a matter of course. Integrity is an inner conviction. And success is even sweeter when many can share in it.





We don't just follow statute and law, we also base our actions on ethical principles and a shared understanding of values.

Integrity and compliance

Culture of integrity

Integrity is the basis of our actions. It is part of our daily work. Because only ethically correct behaviour brings about solid success.

We are convinced that doing business with integrity makes us more successful over the long term and at the same time benefits society. The ten Global Compact principles form the basis of our guidelines for globally sustainable corporate governance. In this agreement between business enterprises and the United Nations, we pledge to meet social and ecological standards. These standards relate to areas such as environmental protection, observance of human rights and workers' rights, and combating corruption. We strictly oppose discrimination in any form. Respect, tolerance and humaneness are basic values of our society and our company.

Daimler demands and promotes integrity. The guidelines for behaving with integrity form

the basis for our actions in our daily work. Our employees have helped define common value standards. Daimler employees have a point of contact should they have any questions regarding integrity and compliance. Compliance means conforming with national and international laws. An extensive range of training options coupled with numerous communication instruments help ensure the right decision is made, even in difficult situations.

We also expect our business partners to comply with legal and ethical standards. We provide advice on implementation. Because we believe behaving with integrity is a key prerequisite for a sustainably successful collaboration based on trust.

Worldwide social projects

Helping to create a better future

Global presence brings with it global responsibility. We are heavily involved in social projects at many locations.



During the 2016 Week of Caring, 200 volunteers from Mercedes-Benz Financial Services created an orchard for the Michigan Urban Farming Initiative.



Mercedes-Benz is one of the global partners of the Laureus Sport for Good Foundation. The objective is to improve the lives of disadvantaged children and young people through sporting events such as a rugby project in Kuala Lumpur, Malaysia.

At the edge of the townships in Cape Town stands an orphanage for 120 children. A safe shelter in an unsafe environment, surrounded by a protective fence. This fence was built thanks to Daimler employees who collected €57,000 as part of the ProCent initiative. In this scheme, employees voluntarily donate the cent amounts of their net monthly salaries to charitable projects and the company then doubles this amount. ProCent is one of many examples of the global Daimler team's social commitment. In this way it was possible to support 859 charitable projects in Germany and abroad to the tune of almost €5 million between 2011 and 2016. Individual projects benefit from donations ranging from €400 to €57,000.

Employees at Daimler Financial Services (DFS) also display social dedication: once a year, on the Day of Caring, there is no talk of figures as work is halted to help in nearby projects. More than 2,000 DFS employees in over 20 countries then roll up their sleeves to renovate social services facilities, build play areas or help in refugee hostels, for example. In addition to this, Daimler is involved

in local and global environmental protection projects such as the protection of mangrove forests in Asia – one of the world's most productive ecosystems. The project, which is set up to run over several years, is managed by the Global Nature Fund, which we have supported since 1998.

We never forget where we came from. We are extremely enthusiastic in getting involved with projects that allow us to impart our specific knowledge as an automotive manufacturer, for example technical training and road safety schemes. In the MobileKids campaign, we have already helped more than one million children learn about road safety in a fun way. With the MINT Genius education initiative, Daimler aims to get more children and young people excited about mathematics, informatics, natural sciences and technology. And the Laureus Sport for Good Foundation projects help significantly improve the lives of children through the universal language of sport and socio-pedagogical support.

Responsibility for the environment

Clean and green

Our aim is to ensure mobility for coming generations, too – with economical, clean and efficient vehicles.

Clean performance is rewarded. With pure air, an intact climate – and impressive environmental credentials: in 2016, new Mercedes-Benz cars emitted 123 grams of CO₂ per kilometre on average – one fifth less than in 2010. The Environmental Certificate to ISO 14062 is further proof of our commitment: This is where we document all environmentally relevant aspects of a vehicle's life for our passenger-car models – from the processing of raw materials to production to vehicle operation to recycling.

Emissions from Mercedes-Benz vans are likewise falling. The average in 2016 was 193 grams of CO₂ per kilometre – below the limit specified by the EU. The Daimler Trucks division conducts on-going research into integral solutions that involve optimisation of the tractor unit as well as the tyres, semi-trailer and other components. The success of these measures was highlighted in the large-scale road test "Efficiency Run 2016": here the Mercedes-Benz Actros recorded reductions of up to 20 percent in fuel consumption and CO₂ emissions. Furthermore, in more than 1,200 customer tests, the Actros consumed around ten percent less fuel

than competitor vehicles – allowing around 90 percent of customers to see the benefits for themselves.

Daimler also has a tradition of leading innovation in the development of ecofriendly buses. By way of example, the new Mercedes-Benz Citaro NGT with natural-gas drive goes about its business in the city cleanly and quietly. This bus combines high performance with low emissions and 15 to 20 percent lower fuel consumption.

To exclude or lessen environmental risks, we check our production sites in accordance with globally uniform standards. Our plants certified to the European Eco-Audit System EMAS regularly publish an environmental declaration. Two more impressive figures to add to the list: over 95 percent of a Daimler vehicle can be recycled, and some 90 percent of the waste products from our factories are recycled. High-tech recycling processes give vehicle components a second chance at the Daimler Remanufacturing Centres. Here we transform ageing engines, transmissions and electronic components into genuine remanufactured parts.



Data protection is customer protection

Well protected

Driver assistance systems offer our customers comfort and safety. To function properly, they are reliant on data being gathered and processed as precisely as possible. At Daimler, these data are just as secure as the passengers in our vehicles. All our development work in the field of networked vehicles and autonomous driving is backed by high standards of data protection and information security. Because protecting data protects people.

We have been focussing on data protection ever since we started developing the fully networked vehicle. "Privacy by Design" is the name we give to early close cooperation between in-house developers, legal experts and data protection specialists. We inform customers about which data are gathered for what purpose. Customers then decide for

themselves which services they want to use and which data they wish to pass on – by giving consent, by signing a contract or at the push of a button.

The car of the future needs to be not only road-worthy and reliable but also data-protected. Only then will increasing networking become a sustainable success. The high safety expectations of our customers similarly apply to the data security of the networked vehicle. For our customers, it's good to know that we are not reliant on the trading of data to earn money. We can therefore use the information exclusively for offering the customer an even more attractive product.

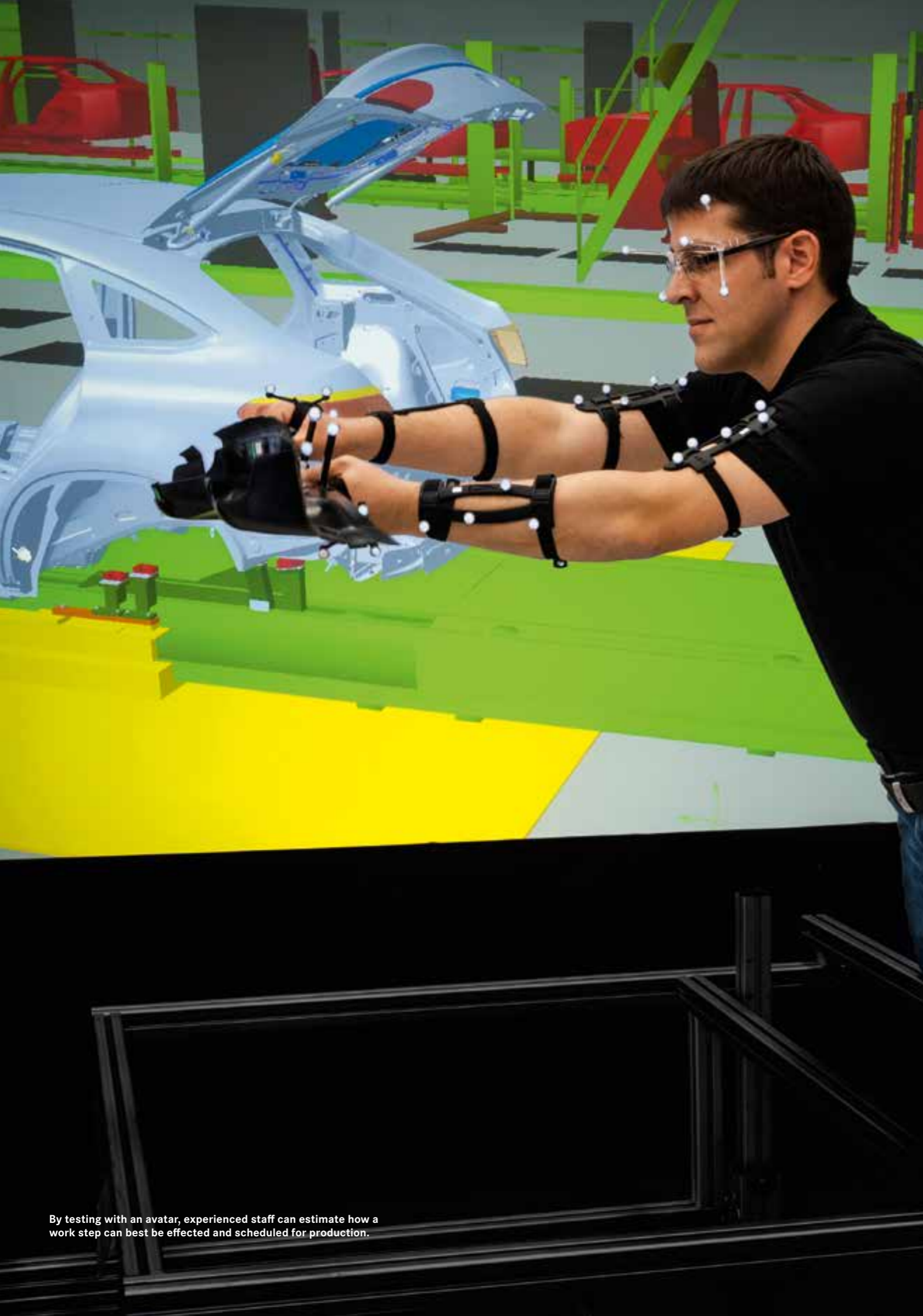


Future Life

Driving ahead into the future

When on a journey, you can hardly wait to arrive. Things are different when developing future technologies, though. Because the process never stops. Because along the route there are numerous discoveries that make being on the move even better and even more comfortable. And because this leap in innovation challenges our intelligence, sharpens our senses and arouses our emotions.





By testing with an avatar, experienced staff can estimate how a work step can best be effected and scheduled for production.

Industrie 4.0

Revolution in production

Digitalisation is opening up completely new avenues to us. And finding its way into every workplace. Digitalisation is changing our working lives. But there's no cause for alarm: the factory of the future will in no way be devoid of people.

Industrie 4.0. This is the collective term for embracing physical and digital worlds within industrial processes. It means the digital networking of the entire value chain – from development to production to sales. We are implementing this concept step by step at Daimler. At its heart is the “Smart Factory”, in which products, machines and the entire environment are networked both together and with the internet. Today Mercedes-Benz is already able to digitally simulate the production process from the press shop to final assembly. A prerequisite for mastering the complexity of modern cars and their production.

The current E-Class is already a “Digital Native”. In other words, digitalisation has helped to shape this model series during all phases of its creation. Numerous elements from the “Smart Factory” modular system are used during its production. One example is virtual assembly, during which the fastening of components in a vehicle is recreated deceptively realistically. From this, it can be derived how best to effect the particular work step.

But the E-Class does not just benefit from “smart” production, it is also arguably the most intelligent saloon in its segment thanks to built-in digital solutions.

Our proving ground for new production concepts is the TecFactory. Here engineers and technicians refine production processes of the future. They operate robots that move parts or mount components. All without protective fences as the new-generation robots sense their immediate surroundings and do not get in the way of humans. What sounds like a scene from a science-fiction film marks the start of true cooperation between robots and humans. And that's what Daimler is concerned with. Harnessing the cognitive superiority of humans and the power, stamina and reliability of robots, we want to further enhance the quality of our vehicles. We want to further boost productivity. And we want to open up new possibilities for even more ergonomic and age-appropriate working. In the working world of the future, the focus is on people.



Battery installation in a hybrid vehicle: human/robot cooperation and the deployment of a driverless transport vehicle make assembly more flexible.



From car to grid. Mercedes-Benz energy storage units meet the most stringent quality requirements, even in the private sector.

Intelligent use of energy

Start up with energy

We are a global group and, time and again, the place where it all starts: new energy usage concepts and products underline the strong powers of innovation at Daimler.

One exciting future topic is energy storage – which preserves resources and, above all, provides security for individual energy management. The Mercedes-Benz energy storage unit can do precisely this. And even more: it ensures an independent energy supply both in the home and for industrial applications. It is produced by the Daimler subsidiary Deutsche Accumotive, which has been developing and producing lithium-ion batteries for automotive applications since 2009. Stationary storage units now also benefit from the company's know-how. The new battery modules each have an energy content of 2.5 kWh (Home) or 5.9 kWh (Business). Up to eight modules can be combined to create an energy storage unit with 20 kWh in a private household. The systems can be scaled as required for trade and industry.

Daimler is one of just a handful of automotive manufacturers that develops batteries for both automotive and stationary applications and then produces them in Germany. We use the resulting potential in innovative projects, one of which involves co-operating the world's largest 2nd-used battery storage facility. The stand-out feature of this joint-venture project is the fact that systems from second-generation smart electric drive vehicles are pooled to

create a stationary storage facility with a total capacity of 13 MWh – enough to cover the energy requirements of a town with a population of 85,000 for one hour.

Because even the best ideas are not a guaranteed success, we offer start-ups an environment where they can really get things moving. To this end, Daimler joined forces with the Plug and Play Tech Center, the University of Stuttgart and ARENA2036 to initiate the Startup Autobahn programme in 2016. It promotes software and hardware-oriented projects geared towards the future of mobility. Selected start-ups have three months of special coaching in facilities equipped with the latest technology to prepare for their big moment: the Expo Day, where they get an opportunity to pitch their idea to potential investors.

One idea that has already become a reality is the Croove carsharing platform. With this app, owners can earn money by renting out their cars privately while those who rent the cars can save money. If the owner is not using the vehicle, they can release it for rental online. And the renter pays less than they would if renting from a traditional car rental company. Croove can be used for Mercedes vehicles and other makes.

Future vehicles for discoverers

Electric Intelligence

The future belongs to electric drive. That's why we are investing massively in the electrification of the drive system, in battery technology and in knowledge covering every aspect of intelligent mobility. Our electric vehicles show just where this can take us.

EQ stands for intelligent electromobility. For attractive design, safety and high everyday practicality. Intelligently leading the way is the close-to-production Concept EQ study, which Daimler aims to introduce as an EQ production model in the SUV segment before the end of the decade. It is to be followed by an entire family of electric vehicles, ranging from compact cars to luxury models. But there's even more to EQ than that. In its full meaning, the name stands for our entire pool of know-how and an extensive ecosystem comprising products, technologies and services covering every aspect of electromobility. It ranges from energy storage units for private and commercial customers to inductive charging technologies to recycling. It's not just about passenger cars, either: the entire Daimler vehicle fleet is on the road to electromobility, as highlighted by

our electrified commercial vehicle concepts. Last-mile delivery is covered by the Vision Van featuring a fully automated cargo bay and drones for autonomous delivery by air. New algorithms control the picking and loading of the packages as well as cargo bay management. The Vision Van has neither steering wheel nor pedals. Instead it features a joystick and a dashboard curved around the front end, which displays all the necessary information. This is what driving and delivery will look like in the van generations of the far future.

The Mercedes-Benz Urban eTruck opens up new possibilities for heavy-duty short-radius distribution in urban areas. The all-electric truck with a permissible gross vehicle weight of up to 26 tonnes combines electric drive, telematics and a largely autarkic power supply.

Full electromobility is no longer just a vision in the light-duty segment: several Fuso Canter E-Cell trucks are already successfully undergoing fleet tests in the city of Stuttgart, for example.

The Mercedes-Benz Future Bus stands for intelligent mobility. This partially automated urban bus with CityPilot detects traffic lights and communicates with them. It identifies pedestrians and brakes autonomously. Cameras scan the road and surroundings while radar systems monitor the route. With the help of a GPS, all the data are merged to produce an extremely precise picture of the surroundings. Things are no less spectacular in the interior, which boasts an open design with designer seats, tree-like grab rails and lighting reminiscent of a leaf canopy.



A look ahead to the future of user interaction at Mercedes-Benz: the cockpit of the Concept EQ focuses on touch-based control.

The next stage of digitalisation

The future of the future

The automobile of the future serves people. It knows them and learns from them. Driving becomes safer and more comfortable than ever before. A look at a transformation of mobility, as already implemented – and advanced – by Daimler:

The vehicle becomes an active partner.

In-vehicle information and communication systems communicate with the owner without them having to be in the vehicle. Vehicles exchange information with each other and warn each other of hazards. Assistance systems perform evasive manoeuvres or apply the brakes – faster than any person could.

Drivers become passengers. The vehicle becomes more and more advanced thanks to innovative algorithms. It gets to know its occupants and their wishes better on every trip. Because it can predict operating steps, the driver experiences even greater comfort.

Systems become senses. Seeing, hearing, orienting. Daimler is expanding mobile reality with augmented reality. The car shows other road users its intentions. It gives the driver tips on free parking spaces and augments their field of view. Information to this effect appears on the windscreen.

Cockpits become lounges. People can relax in the autonomous driving mode. Vehicle interiors are chill-out zones with all available entertainment and communication options. Control functions can be activated using gestures and touch. People can communicate in video conferences or watch films on projection surfaces.

Automotive manufacturers become mobility providers. More and more people are on the move through urban areas. Mobility service providers offer them concepts and booking systems for the ideal combination of transport means and for carsharing. Daimler began this future some time ago with car2go and moovel. We are advancing further with individual and needs-based solutions for a new, networked mobility.



Trend-setting spatial experience: with its unique lounge landscape, the interior of the Mercedes-Benz Vision Tokyo showcar exudes luxury, youth and progression.

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