

DAIMLER

2011 Communication on Progress (COP) of Global Compact

Daimler's founders, Gottlieb Daimler and Carl Benz, made history with the invention of the automobile in the year 1886. In our 125th anniversary this year, Daimler AG is one of the world's most successful automotive companies. With our divisions Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Financial Services, the Daimler Group is one of the biggest producers of premium cars and the world's biggest manufacturer of commercial vehicles with a global reach. Daimler Financial Services provides its customers with a full range of automotive financial services including financing, leasing, insurance and fleet management.

Declaration of support for the United Nations Global Compact

No other automaker can look back on a longer tradition than Daimler – and our success is due in part to our attention and commitment to sustainability. Taking this responsibility seriously means an unwavering commitment to the United Nations Global Compact and the principles within the Global Compact international framework. As a founding signatory in 2000, our top management is committed to embedding the Global Compact principles throughout the company. According to Dr. Dieter Zetsche, Chairman of the Board of Management, and Prof. Thomas Weber, Member of the Board of Management for Group Research and Development, in the foreword of the FACTS on Sustainability:

“Sustainability is the basic principle that governs our business operations... One of our important guidelines is the Global Compact of the United Nations, to which Daimler is particularly committed as a founding member. As a member of the LEAD group, which we joined at the end of 2010, we are actively pursuing the Compact's goals in order to fulfil our promise to consistently implement the principle of sustainability.”

Additionally, Dr. Zetsche reaffirmed Daimler's commitment to the Global Compact in this year's Annual Meeting:

“[An] example of the high priority we place on sustainable business operations at Daimler is our participation in the United Nations' Global Compact LEAD program... pledg[ing] to adhere to exceptionally high standards worldwide in areas of human and workers' rights, environmental protection and the prevention of corruption. The objectives are ambitious – but so are we.”

In addition to those statements, Daimler's other top executives such as Dr. Christine Hohmann-Dennhardt, Board of Management member for Integrity and Legal Affairs, make frequent reference to our company's commitment to the Global Compact in speeches around the globe. Our company's CSR-related policies and guidelines make specific reference to the Global Compact as their international reference, and strategies for implementing Global Compact principles are discussed at the Board level.

Practical implementation measures to support the Global Compact

Because the Global Compact and LEAD Blueprint document cover a wide array of subject matter led by various divisions within Daimler, a focused and clear structure to oversee sustainability is necessary. We have instituted a Corporate Sustainability Board (CSB), which is comprised of executives from several divisions and reports to the CEO. The CSB, led by Prof. Thomas Weber, Board of Management member responsible for Group Research and Mercedes-Benz Cars Development, coordinates and directs significant sustainability measures throughout Daimler and provides implementation support to the business units in the markets. In 2011 we will continue to strive toward Prof. Weber's goal of becoming one of the industry's most sustainability-focused and recognized companies.

Through its work evaluating Daimler's sustainability actions, preparing decisions for the Board of Management's Chairman Dr. Dieter Zetsche, and supporting the Board of Management's sustainability initiatives, the CSB implements the Global Compact measures throughout the group worldwide. The CSB is focused on all of the Global Compact topics – environmental protection, labor issues, human rights, and the fight against corruption – and the structure of the group demonstrates an equal attention to all of those issues. *[see Fig. 1]*

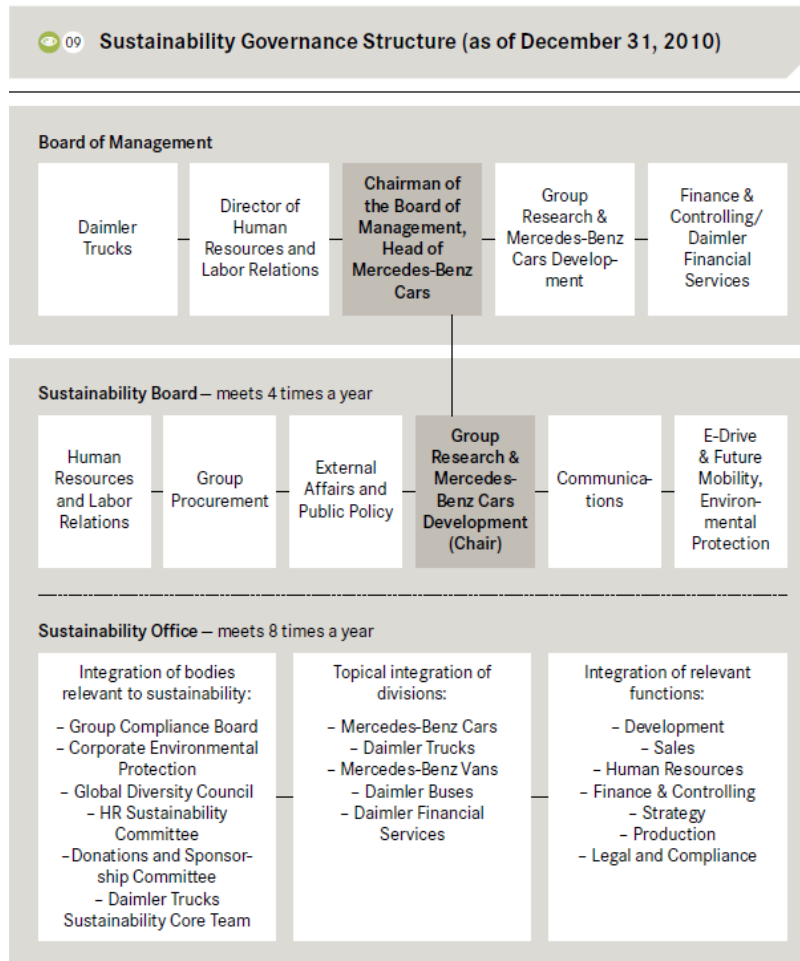


Figure 1: Sustainability management at Daimler.

In 2011 Daimler held and participated in many events relating to the Global Compact principles, including a special event in Berlin on fighting corruption and integrity and business ethics issues. Daimler and Dr. Christine Hohmann-Dennhardt, Daimler's Member of the Board responsible for Integrity and Legal Affairs, hosted "Competitive Advantage through Sustainability," which explored corruption and corporate ethics issues as well as ways to strengthen cooperation between businesses in developed and developing countries. Georg Kell, Executive Director of the Global Compact, as well as representatives from the CSR task force at the German Ministry for Labor and Social Affairs and PRI attended.

In November 2010, Daimler hosted its third Stuttgart-based Sustainability Dialogue, where top Daimler managers met with approximately 80 representatives from government, key NGOs, and the community for day-long discussions on supply chain management, environmental stewardship, human rights, and labor issues. In-depth talks on issues such as combating human rights abuses worldwide resulted in the creation of a concrete plan to systematically assess the human rights impact of our company's actions in the countries in which we have production facilities. This kind of detailed dialogue with experts and NGO

leaders assists Daimler with developing tools to promote sustainable business practices across the value chain.

In May 2011, Daimler held its second annual Sustainability Dialogue in China, focusing on business ethics, environmental issues, and human resource management. Government representatives as well as business leaders, academic institutions, and international NGOs convened in Beijing to exchange best practices and discuss expectations of Daimler in China.

In addition to the successful Sustainability Dialogue events held each year in Stuttgart and China, in October 2011 Daimler is expanding its Sustainability Dialogue program to the United States. This year thought-leaders, government representatives, and Daimler executives will gather in Washington, DC to discuss issues such as ethics in the supply chain, human rights, and the environment from a US viewpoint.

Detailed information about CSR/Sustainability at Daimler and how Global Compact principles are implemented can be found within our “FACTS on Sustainability” document and online at <http://sustainability.daimler.com/> where all publications on CSR and Sustainability are available for download.



Standard indicators to measure the Sustainability activities

According to the cooperation between United Nations Global Compact and Global Reporting Initiative, Daimler is referencing the Global Compact principles to specific indicators. As indicated in the table below, Daimler listed the Global Compact Principles and the page numbers in our Sustainability Report (SR). In addition the Global Compact principles are listed on the same page as the GRI Index; by which Daimler has been granted an A+ certificate.

[see Fig. 2]

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 5, 8, 22, 26-39, 82-83
P2	Businesses should make sure they are not complicit in human rights abuses	P2 🔗 SR 5, 8, 22, 26-39, 82-83
P3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	P3 🔗 SR 5, 8, 22, 26-39, 64-75, 82-83
P4	Businesses should uphold the elimination of all forms of forced and compulsory labour	P4 🔗 SR 5, 8, 22, 26-39, 64-75, 82-83
P5	Businesses should uphold the effective abolition of child labour	P5 🔗 SR 5, 8, 22, 26-39, 64-75, 82-83
P6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	P6 🔗 SR 5, 8, 22, 26-39, 64-75, 82-83
P7	Businesses should support a precautionary approach to environmental challenges	P7 🔗 SR 5, 8, 22, 26-39, 56-63
P8	Businesses should undertake initiatives to promote greater environmental responsibility	P8 🔗 SR 5, 8, 22, 26-39, 56-63
P9	Businesses should encourage the development and diffusion of environmentally friendly technologies	P9 🔗 SR 5, 8, 22, 26-39, 56-63
P10	Businesses should work against corruption in all its forms, including extortion and bribery	P10 🔗 SR 5, 8, 22, 26-39

Figure 2: Global Compact Principles plus reference within the “FACTS on Sustainability 2011”.¹

Daimler has demonstrated success using several sustainability indices and continues to push further with bold moves in the sustainability sphere. Our group has improvements to make and yet more work to do toward our goal of becoming one of the industry’s most sustainability-focused companies, consistently using the Global Compact principles as a guide along the way.

¹ The full version of the GRI Index is available in the interactive online report (<http://sustainability.daimler.com>). To directly access the GRI Index there, simply enter the number “701” in the search box on the top of the site.
Wolfram Heger, Daimler AG, 70546 Stuttgart, Germany, wolfram.heger@daimler.com
Jessica Altschul, Daimler AG, 70546 Stuttgart, Germany, jessica.altschul@daimler.com