

DAIMLER

2009 Communication on Progress (COP) of Global Compact

Daimler is a leading supplier of premium passenger cars and the world's largest manufacturer of commercial vehicles. With its strong brands (Mercedes-Benz, Freightliner, Setra, etc.) and comprehensive portfolio of automobiles from compact cars to heavy-duty engine trucks, completed by tailor-made services along the automotive value chain, Daimler is active in nearly every country in the world. As a multinational corporation we at Daimler take our global responsibility seriously and rely on the "Global Compact" principles as international framework guidance to this end. Daimler was one of the first signatories of the Compact in 2000. Living the Global Compact principles is supported by Daimler's Top management. According to Dieter Zetsche, Chairman of the Board of Management of Daimler AG in the foreword of the FACTS on Sustainability:

*"We take our sense of responsibility for our employees very seriously. In return, we also expect our employees to behave responsibly. Anyone working at Daimler or acting in the name of our Group must comply, without any "ifs, ands, or buts," with the legal regulations and the ethical principles to which we have voluntarily committed ourselves – for example, in the **"Global Compact" of the United Nations**. There can be no exceptions to this rule. (...)"*

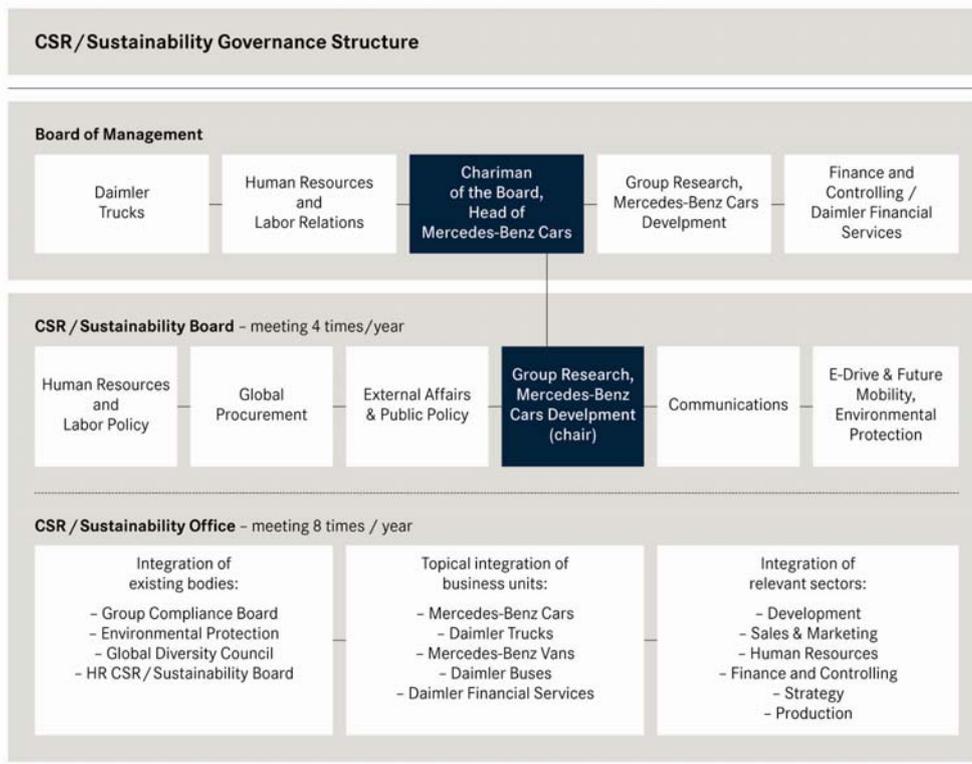
This Communication on Progress (COP) of the Global Compact briefly outlines our support for this central initiative. For detailed information about CSR/Sustainability and Daimler's application of the Global Compact principles, please refer to our "FACTS on Sustainability" and to www.daimler.com/sustainability where all publications on CSR and Sustainability are available for download.



Global Compact Management through the Daimler CSR/Sustainability Board

Environmental protection, labor, human rights and the fight against corruption – the Daimler CSR/Sustainability Board (CSB) is equally focused on each of the main topics of the Global Compact. The CSB is the key body for meeting the challenges of the Global Compact at Daimler – at operational, Group-wide and global level.

Implementing the Global Compact principles within the company requires internal specifications and management processes – tailored to Daimler as one of the leading suppliers of premium passenger cars and the largest manufacturer of heavy-duty and medium-duty trucks in the world. That is why the CSR/Sustainability Board was established in early 2008 by a Board of Management resolution. In keeping with the CEO’s commitment to the Global Compact, the CSB has the full support of the Chairman of the Board of Management and reports directly to him. The CSB is headed by Daimler director Dr. Thomas Weber, Board of Management member responsible for Group Research and Mercedes-Benz Cars Development. The mandate of the CSB is to coordinate CSR and sustainability throughout the company. In this context, integrating the operating departments has been a particularly important element of the structuring process (see diagram).



The work plan of the CSB is focused on key topics that are clearly linked with the principles of the Global Compact.

The **Global Compact Environmental Principles** also feature in the “CO2 and Climate Issues” work package. The current product portfolio and our path to emission-free mobility are at the heart of this, with 58 BlueEfficiency models that are already available to our customers. By combining high-tech engines and intelligent energy management measures in the complete vehicle, these models significantly reduce fuel consumption and emissions – by up to 23% in the new E-Class, for example. The B-Class F-Cell and the BlueZero E-Cell show that innovative technologies, attractive vehicle design and emission-free driving can be perfectly combined. We know that that we are still a long way from reaching our objective. The financial and economic crisis has presented us with a dual challenge: We need to introduce efficient vehicles with “green” technologies even more quickly and use our financial resources even more sparingly.

As a key CSB issue, compliance (including policies, employee training and audits) is likewise structured entirely in line with the **Global Compact Principle on Corruption Prevention**. The targets are set in the Group Compliance Board. Since 2006, we have trained 22,000 employees worldwide on compliance, appointed 85 local compliance managers and introduced standard processes, such as mandatory consultation in government transactions and checking the integrity of new business partners (due diligence).

In addition to several other topics such as diversity, equal opportunity etc. the **Global Compact Principles on Labor Standards** are also systematically pursued in the CSB human resources work package. In an HR strategy initiative launched in 2008, CSR and sustainability are defined as an objective dimension for operational excellence. Implementation in the business processes is carried out through cascading of the strategic objectives in the context of the annual target agreement process.

Daimler’s application of the **Human Rights Principles**, dealt with separately in the Global Compact, was recently totally revamped in a specially initiated stakeholder process triggered by the CSR/Sustainability Board. The CSB can also play to its strengths of bringing central departments and business units together to achieve better performance in this area. The structuring components that can be influenced

by Daimler are anchoring of particularly relevant human rights in the Integrity Code, implementation processes and handling of company-specific dilemma situations. These particularly occur if Daimler standards are higher than statutory requirements of some countries.

As well as the stated CSB key issues, which are equivalent to those of the Global Compact, other company-specific topics are also dealt with. These include sustainability in procurement and vehicle safety as a Daimler-specific element of social responsibility. In addition, also as a result of discussion in the CSB, stakeholder dialogue and transparency of communication have also become focal points of the CSB's work. Daimler has institutionalized this exchange with interest groups in the form of the "Daimler Sustainability Dialogue" event, in which the company has been receiving important impetus from around 80 interest groups for improved sustainability performance on an annual basis since 2008.

The stated focal points in the work of the CSR/Sustainability Board show that Daimler has positioned itself well over the years. With the CSB, another essential condition for systematically managing CSR and sustainability in the company in line with the Global Compact and making an effective contribution to communicating its principles has been created. Of course, the company and external interest groups are not always in agreement when it comes to assessing achievements or deciding whether development of further activities are required from an external viewpoint or whether we ourselves are aiming for further improvements. Therefore, in the future, Daimler will conduct dialogues with all those who are interested in constructive solutions. The discussions on the various platforms of the Global Compact, both in Germany and around the world, are important sources of ideas.

Our successful performance in various sustainability indices is just one indication that Daimler is doing well. But we are not resting on our laurels. We must work continuously to give Daimler a credible and responsible profile through its performance – in the company's own interest, as well as in the interest of employees, the environment and society.