



Communication on Progress (COP) for the Global Compact

DaimlerChrysler is a leading supplier of superior passenger cars, sport-utility vehicles, minivans and pickups, and the world's largest manufacturer of commercial vehicles. With its strong brands (like Mercedes-Benz, Chrysler, Dodge and Jeep) and a comprehensive portfolio of automobiles ranging from small cars to heavy-duty trucks, supplemented by tailored financial services along the automotive value chain, DaimlerChrysler is active in nearly all countries in the world. The Group has production facilities in a total of 20 countries.

As a multinational corporation we take our worldwide responsibility towards our customers, shareholders, and employees just as seriously as our responsibility towards socio-political institutions at local, regional, national, and international level. The principles governing social responsibility introduced by the DaimlerChrysler AG Board of Management together with the Global Works Council reflect DaimlerChrysler's commitment to the catalogue of principles of the "Global Compact."

Public support for the Global Compact

Daimler Chrysler communicates with its stakeholders on Corporate Social Responsibility as well as on the Global Compact, next to personal dialogue, through its overarching Sustainability Report titled "360 DEGREES". In creating it, the company combined at the first time in 2006 two publications that have a long tradition: the Environmental Report and the Report on Corporate Social Responsibility. "This new publication stands for our holistic approach to ensuring sustainability", states Dr. Dieter Zetsche, Chairman of the DaimlerChrysler AG and Head of the Mercedes Car Group. "In addition to pursuing long-term business success as a fundamental goal, we are committed to protecting the environment and addressing social requirements within our company and society in general."

The coverage of DaimlerChrysler's Sustainability activities in 2006 rests on three pillars: the publication "360 Degrees – MAGAZINE", the report "360 Degrees – FACTS on Sustainability" and an equivalent website.

The FACTS-Report comprises sections titled "Global Group and Global Citizen," "Economy," "Ecology" and "Employees and Society." This compendium provides a comprehensive overview of DaimlerChrysler's strategies, activities and progress with respect to sustainability. Within the report, DaimlerChrysler underlines the support for the UN Global Compact (page 14, 68). Its principles are prominently classified as "Principles which are actively promoted by DaimlerChrysler" (p. 14). The publication covers the 2005 reporting period.

The report "360 DEGREES – FACTS on Sustainability 2006" and DaimlerChrysler's online presentation on sustainability take their lead from the guidelines of the Global Reporting Initiative (GRI). Additionally, DaimlerChrysler incorporated an index to the company's performance in demonstrating the UNGC's ten principles in our work. The Index cross-refers to relevant GRI indicators, supporting our entitlement of transparency. In doing so, DaimlerChrysler supports also the efforts of the Global Compact in integrating the COP into a GRI oriented reporting.

Global Compact as internal guiding principle

The Global Compact's principles serve as the basis of our internal regulations as well as the principles leading our external actions. Pivotal are our Principles of Social Responsibility. These principles are binding for the entire Group and apply worldwide. We respect and support internationally recognized human rights, condemn child and forced labor practices, and are committed to the principles of equal opportunity and "equal pay for equal work." Occupational safety and health protection in the workplace is a key issue and a fixed element of our corporate policy when making investments. We ensure appropriate standards of remuneration, working hours, and training worldwide. The right to freedom of association and pay negotiations is also anchored in the principles. We expect our suppliers to adhere to comparable principles as the basis for sustained business relationships. In addition, compliance with the Occupational Safety and Health Act (OSHA) is mandatory for all suppliers based in the USA. Among other things, OSHA requires companies to provide ongoing training for their workforce. The

assessment of working conditions and workplace safety is an element of the audits DaimlerChrysler conducts at its suppliers' business locations.

In order to sustain both management and employee awareness of the Global Compact, the company promotes its CSR-Principles, based on the principles of the Global Compact, actively through various media facilities, such as internal DaimlerChrysler communication or employee training sessions. Our CSR related principles – and through them the GC Principles – are furthermore made accessible to all employees and their representatives. To ensure the implementation of the principles on social responsibility in all areas and at all corporate levels, we have integrated the principles both into the Integrity Code of the DaimlerChrysler Group and other important guidelines and principles.

Global Compact: Implementation and Monitoring

DaimlerChrysler has not only established corporate bodies for identifying and preventing criminal activities but has also introduced the processes necessary for monitoring such activities. In addition to the Corporate Auditing and Corporate Security departments, these bodies include the Business Practices Office (BPO), the Corporate Compliance Operations department, and the Sales Practices Hotline. The responsibilities of these organizations include the documentation, investigation, and monitoring of allegations that legal regulations or internal guidelines may have been violated. They also report on a quarterly basis on the results of these activities to the Board of -Management and to the Audit Committee of the Supervisory Board.

- Business Practices Office. In 2003, the Audit Committee of the Supervisory Board established a Business Practices Office (BPO) at the DaimlerChrysler Group, with contact centers in Stuttgart and Auburn Hills. Group employees can submit confidential complaints to the BPO concerning suspected violations of accounting regulations or the Integrity Code. The BPO files these complaints, protecting the anonymity of the employees who submit them, and arranges for the Corporate Auditing department or other relevant bodies to conduct an investigation, which the BPO then monitors.

- Corporate Compliance Operations. At the beginning of 2006, the Corporate Compliance Operations department was established with the objective of providing a standardized, Group-wide compliance organization. Alongside ensuring that DaimlerChrysler's business practices are examined in detail throughout the entire Group, this organization will also ensure that guidelines are updated and implemented as necessary. Possible violations of anti-corruption laws, internal guidelines, and codes of conduct are examined, necessary countermeasures are initiated, and the successful implementation of such countermeasures is monitored. Compliance managers will be assigned to DaimlerChrysler subsidiaries and certain regions. In addition, training programs with a focus on corporate compliance will be introduced worldwide. The corporate compliance organization reports directly to the Chairman of the Board of Management of DaimlerChrysler.
- Sales Practices Hotline. Established in 2005 and in 2006 further expanded, the Sales Practices Hotline is also allocated to the corporate compliance organization. By means of several events and written communications, our executives have again been notified of the Integrity Code's special significance for our company. The Sales Practices Hotline team is particularly responsible for replying to questions from sales personnel regarding the correct business approach to public-sector institutions. In this context the hotline also accepts information on questionable dealings, which are then further investigated. Reports on complaints received by the BPO and the Sales Practices Hotline are regularly submitted to the Audit Committee of the Supervisory Board.

Actions supporting the Global Compact Goals

In 2006, DaimlerChrysler has undertaken many initiatives both in bringing the Global Compact itself forward (like being an active partner in the German Friends of the Global Compact) and by using its core competencies in Global Compact related initiatives. In the context of the many initiatives, different principles of the Global Compact related to Labor, Human Rights, Environment and the fight against corruption are addressed.

Making mobility sustainable – remained a high priority goal in the ecological sector. We are busy optimizing the environmental compatibility of current vehicles, working on alternative power–trains, using eco-friendly production processes, and promoting the development of alternative fuels along our fuel road map. All of these activities are fundamental for ensuring sustainable mobility in the 21st century.

A continuous focus of our CSR activities is the fight against HIV/AIDS. Our – in the meanwhile – long term experiences from the HIV/AIDS workplace initiative in South Africa have been shared with other Global Compact members. We will move on and introduce programs well adapted to local needs in other places, focusing on Russia, China, South-East Asia and India. A new program extending our efforts to Small and Medium Size Enterprises has been launched in South Africa, and we have intensified our education efforts for apprentices in Germany.

Another focus is our involvement in various education programs through operating the DaimlerChrysler Automotive Academy Network, a global network of training institutions. The network promotes the qualification and training of highly qualified specialists. It is a valuable contribution to recovery and development work in each respective country where Academies are located such as Afghanistan or Palestine. Moreover, through the allocation of education facilities, DaimlerChrysler is also observing the Global Compact Principles regarding Labor Standards.

These Labor Standards were also the driving force for DaimlerChrysler to participate actively in the “AIAG Initiative on Working Conditions in China”. Leading automakers and their suppliers promote global working conditions based on an agreed guiding statement to create a shared industry voice on issues of working conditions. Automotive suppliers will be trained on the basis of the AIAG Working Training Conditions in order to implement the standards set up in the initiative. The pilot country is China.

For more and more detailed information about please refer to www.daimlerchrysler.com/sustainability