

DAIMLER

2008 Communication on Progress (COP) for the Global Compact

Daimler looks back on a tradition that stretches back over more than a hundred years and is marked by the pioneering achievements of automotive engineering. Today, the company is a leading supplier of premium passenger cars as well as the world's largest manufacturer of commercial vehicles. With its strong brands (like Mercedes-Benz, Freightliner, Setra) and its comprehensive portfolio of automobiles from compact cars to heavy-duty engine trucks which are 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 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 Daimler AG Board of Management together with the Global Works Council reflect Daimler's commitment to the catalogue of principles of the "Global Compact" of which the company became a founding member in 2000.

Implementing this commitment is supported by the Daimler Top management. As Dieter Zetsche, chairman of Daimler AG puts it: "When political or social decision-makers are looking for industrial partners that take their long-term social and ecological responsibilities seriously, the name "Daimler" should immediately come to mind."

This Communication on Progress (COP) for the Global Compact shortly outlines our support for this central initiative to us. Next to that, we integrated all information, outlining our progress related to the Global Compact principles into our standard Sustainability Reporting.

Public support for the Global Compact

Daimler communicates with its stakeholders on Corporate Social Responsibility as well as on the Global Compact, next to personal dialogue, through its overarching Sustainability Reports titled "360 DEGREES – Facts on sustainability". "The international points of reference we use include the principles of the Global compact of the United Nations regarding human rights, labor relations, environmental protection and the struggle against corruption – principles we have committed ourselves to uphold," states Dr. Dieter Zetsche, Chairman of the Daimler AG. "Our guideline is our vision of sustainable mobility, which is based on our conviction that safety considerations and economic, ecological and social responsibility form an indivisible whole."

The published information of Daimler's CSR and Sustainability activities in 2008 rests on now four pillars: the publication "360 Degrees – MAGAZINE", the report "360 Degrees – FACTS on Sustainability", an equivalent website (www.daimler.com/sustainability) and the Sustainability Newsletter, which has been newly introduced in 2008.



The FACTS-Report comprises sections titled "Management of Sustainability," "Economy," "Ecology" and "Employees, Customer and Society." This compendium provides a comprehensive overview of Daimler's strategies, activities and progress with respect to sustainability. In the foreword, Dr. Dieter Zetsche underlines the support for the UN Global Compact (page 5). Daimler's actions are oriented toward internationally

recognized principles, such as those of the Global Compact. Many of its internal rules and principles of conduct make specific references to the Global Compact (page 14). The publication covers the 2007 reporting period.

The report “360 DEGREES – FACTS on Sustainability 2008” and Daimler’s online presentation on sustainability take their lead from the guidelines of the Global Reporting Initiative (GRI). Additionally, Daimler 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, Daimler also supports the efforts of the Global Compact in integrating the COP into a GRI oriented reporting (see www.daimler.com/sustainability).

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” which are integrated in the Integrity Code. 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. The assessment of working conditions and workplace safety is an element of the audits Daimler conducts at its suppliers’ business locations.

Furthermore, in 2008 we developed a “Daimler Supplier Guideline on Sustainability” and communicated it to our suppliers. Here we explicitly state:

*This guideline refers to our Daimler Corporate Social Responsibility Principles. Furthermore, the statements are based on international standards such as the **United Nations Global Compact** (<http://www.unglobalcompact.org>) and the **ILO International Labor Standards** (<http://www.ilo.org>). In addition to these international standards and the Daimler Supplier Guideline on Sustainability, all business activities within the automotive supply chain have to comply with local law. Whenever the provision of national or international laws, industry standards and this code address the same subject, the stricter regulation applies.*

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 Daimler 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.

Global Compact: Implementation and Monitoring

Daimler has established a comprehensive set of standards that go beyond the scope of legal requirements. This system, which has been developed over the course of many years, applies directly or indirectly to external principles such as the Global Compact, as well as to charters and conventions (e.g. from the UN or the ILO).

Daimler’s standards of professional behaviour:



This system offers the employees guidance and enables actions to be effectively controlled and monitored. Daimler formulated multistage guidelines, with which it aims to achieve consistency between all of the codes of behaviour that are in effect throughout the company.

With the elements of this ethically based system of regulations, which are standardized on a global basis, Daimler offers its employees a frame of reference with regard to ethical behaviour; its content is made available to all employees. These standards reveal the general and compliance-relevant principles to which Daimler is committed and translate them into concrete internal recommendations for correct conduct. Corporate Compliance Operations (CCO) globally coordinates the development of the standards of professional behaviour.

In order to live up to its economic responsibility and its responsibility for society and the environment, it is essential that the company defines and monitors its subsequent activities. Daimler's goal is compliance with the standards formulated for these areas – that is, ensuring that all of its business operations are in line with these standards. This is why the CCO, the Corporate Audit department and the Legal department are working jointly to ensure that all of the Group's business operations conform with the external legal regulations as well as the internal ethical and legal regulations and guidelines. Compliance is ultimately the responsibility of every employee at Daimler, with the company providing support through all variety of tools and offerings. Employees who have questions concerning the application of Daimler's standards for business and behaviour can call the "Sales Practice Hotline". Confidential complaints about suspected violations of the standards can also be addressed to the Business Practice Office. Last year Daimler has made good progress with its efforts to reach its compliance goals.

More information

For more detailed information about CSR and Sustainability activities, which are in line with the aims of the Global Compact, please refer to:

www.daimler.com/sustainability.

All publications with regard to Sustainability can be downloaded here.