

DAIMLER

2007 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."

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 2007 rests on three pillars: the publication ”360 Degrees – MAGAZINE”, the report “360 Degrees – FACTS on Sustainability” and an equivalent website (www.daimler.com/sustainability).



The FACTS-Report comprises sections titled “Global Group and Global Citizen,” “Economy,” “Ecology” and “Employees, Customer and Society.” This compendium provides a comprehensive overview of Daimler’s strategies, activities and progress with respect to sustainability. Within the report, Daimler underlines the support for the UN Global Compact (page 13 ff.). 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 13). The publication covers the 2006 reporting period.

The report “360 DEGREES – FACTS on Sustainability 2007” 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. In 2006 Daimler launched a two-year cooperative project – Public Private Partnership – (initiated by the GRI and the GTZ) called "Transparency in the Supply Chain" in order to generate sustainability reports by a select number of its suppliers.

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 behavior:



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. The individual elements are related to one another:

- Core values: The foundation of all actions of Daimler is expressed in its core values - passion, respect, integrity and discipline - which were resolved by the Board of Management.
- Integrity Code: In addition to compliance with legal regulations, Daimler's principles of ethical business conduct are anchored in its Integrity Code, which is based on the company's core values. In addition to rules of general conduct, the Integrity Code also defines for example requirements on conduct in international business, combating corruption and the requirement to fulfil the legal standards and other internal or external regulation. The Code of Ethics extends the provisions of the Integrity Code to specifically address Board members and managers who have a material influence on planning and reporting in the context of annual and quarterly financial statements.

- Principles of Social Responsibility: Many of Daimler's internal rules and principles of conduct make specific references to the Global Compact – above all Principles of Social Responsibility (respecting and supporting internationally recognized human and employee rights). These are binding for the entire Group and apply worldwide.
- Corporate Policies: Our Corporate Policies were drawn up in line with the core values and the Integrity Code and put those in concrete terms. In addition to exciting policies (e.g. on occupational health and safety), another seven Corporate Policies were published in 2006. Their content focuses on protection against corruption, protection of corporate property, dealing with donations, and avoiding conflicts of interest. Also resolved by the Board of Management are the Environmental Guidelines, in which the company demonstrates its commitment to integrate, preventive environmental protection.
- Corporate Guidelines: Derived from the Corporate Policies, the Corporate Guidelines offer even more specific principles of behaviour (the worldwide environmental and data protection guidelines).
- Local guidance documents and handbooks: Guidance documents and explanatory handbooks such as the as the Anti-Bribery Handbook are in place at all operational locations worldwide.

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.

Further actions supporting the Global Compact Goals

In 2007, Daimler 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 competences 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 our 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. (for further information, please refer to the FACTS 2007)

A continuous focus of our CSR activities is the fight against HIV/AIDS. Daimler has been actively involved in the fight against HIV/AIDS since the early 1990s. As in prior years, Daimler continued its involvement in the Global Business Coalition on HIV/AIDS in 2007, underscored by workplace programs in countries such as the Russia Federation, China, Thailand and Brazil, as well as the nationwide incorporation of AIDS education into the curricula for all of the company's trainees in Germany.

Another focus is our involvement in various education programs through operating the Daimler 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.

For more detailed information about please refer to www.daimler.com/sustainability. All publications with regard to CSR and Sustainability can be downloaded here.