
Sustainability and Environmental Protection

The following provisions regarding sustainability define the standards and criteria that Daimler AG suppliers must meet: adherence to internationally recognized human and employee rights, the prohibition of child labor and forced labor, observing and promoting ethical business conduct and adherence to legal standards and environmental rules, as well as preventive environmental protection. The sustainability rules are based on the Daimler “Supplier Sustainability Standards” and on our “Corporate Social Responsibility Principles” applying throughout the company. Moreover, they are based on the internationally accepted principles of the United Nations Global Compact (<http://www.unglobalcompact.org>) and the established minimum standards of the International Labor Organization of the UN (<http://www.ilo.org>).

The supplier hereby enters into obligation to comply with the following standards:

I. Working Conditions/Labor Standards

1. Wages and Benefits, Working Hours

Compensation and benefits are to be remunerated in accordance with the fundamental principles relating to minimum wages, overtime hours and statutory benefits. Working hours must be in conformity with all applicable laws, industry standards or relevant ILO conventions. Overtime should be voluntary and employees must be granted at least one day off following six (6) consecutive working days.

2. Child Labor Prevention

For its enterprise, the supplier warrants that no exploitative child labor within the meaning of ILO Convention no. 182 is or was involved in producing or processing the products to be delivered, as well as that these products do not violate any obligations resulting from the implementation of this Convention or of any other applicable, domestic or international regulations on combating exploitative child labor. Moreover, the supplier warrants that its enterprise, its suppliers and their subcontractors have proactively taken targeted measures conducive to ensuring that exploitative child labor in the sense of ILO Convention no. 182 is ruled out where the production or processing of their products is concerned. The supplier will place its sub-contractors and their sub-contractors under a corresponding obligation and will perform controls and checks in this regard. Daimler will review the content of this undertaking and the supplier will submit proof of the measures taken should Daimler so request.

3. Freely Chosen Employment

The supplier will not employ anyone against their will or force them to work. Employees must be free to leave employment with reasonable notice. Employees must not be required to hand over government-issued identification, passports or work permits as a condition of employment.

4. Freedom of Association, Right to collective bargaining

Workers must be able to communicate openly with management regarding working conditions without fear of reprisals of any type. Workers need to have the right to associate freely, join labor unions, seek representation and join works' councils.

5. Health and Safety

In its role as employer, the supplier ensures occupational health and safety in keeping with domestic standards and will promote continuous improvement of the workplace environment.

II. Business Ethics Standards

1. Anti-Corruption and Compliance

Within the framework of its commercial dealings with Daimler, the supplier is obligated to desist from all practices which may lead to penal liability due to fraud or embezzlement, insolvency crimes, crimes in violation of competition, guaranteeing advantages, acceptance of a benefit, bribery, acceptance of bribes or other corruption crimes on the part of persons employed by the supplier or other third parties. In the event of violation of the above, Daimler has the right to immediately withdraw from or terminate all legal transactions existing with the supplier and the right to cancel all negotiations. The above notwithstanding, the supplier is obligated to adhere to all laws and regulations applicable to both itself and the commercial relationship with Daimler.

2. Non-Discrimination

Harassment or discrimination against employees in any form is not acceptable. This applies without limitation for gender, race, caste, color, disability, union membership, political beliefs, origin, religion, age, pregnancy or sexual orientation.

3. Safety & Quality

All products and services will be delivered to meet the contractually specified quality and safety criteria, and will be safe to use for their intended purpose.

III. General Environmental Standards and Environmental Sustainability

1. General Environmental Responsibility, Environmental Performance of Production Activities and of Products

Daimler is committed to a system of integrated environmental protection, which addresses causes at the root, assesses the environmental impact of production processes and products in advance and integrates these into corporate decisions. In this context, production processes and products are designed using holistic principles to make them environmentally compatible and to use resources as sparingly as possible.

With regard to environmental protection, the supplier will act in accordance with precautionary principles, will take the initiative to ensure the promotion of greater environmental responsibility and will sponsor the development and dissemination of environmentally friendly technologies. In all stages of manufacturing, the supplier will ensure a high degree of environmental protection.

This includes proactively preventing or minimizing the impact of accidents which may adversely affect the environment. Particular emphasis is given to the application and continuing development of technologies serving to save water and energy that are characterized by strategies ensuring minimal emissions as well as reuse and recycling strategies.

All products manufactured within the supply chain must meet the environmental standards applicable to their respective market segment. This includes all materials and substances used in production. Chemicals and other materials posing a hazard if released into the environment are to be identified. A hazardous material management system is to be instituted for them that ensures appropriate processes for their safe handling, movement, storage, recycling or reuse and disposal.

All suppliers of production materials are obliged to implement a certified environmental management system according to ISO 14001, EMAS or comparable standards no later than two years after conclusion of the purchasing contract. This above mentioned certified environmental system has to be operated during the entire term of the business relationship with Daimler. Supplier is obliged to provide a corresponding certificate. In due time before the expiry of the duration of validity, a new certificate has to be provided to Daimler.

Also suppliers of non-production material have to fulfil the above mentioned obligations regarding an environmental management system at request of Daimler.

2. Establishment of Recycling and Disposal Concepts for the Products Supplied

In connection with the EU Directive on End-Of-Life Vehicles, the supplier is obligated to ensure the following:

- Preparation and transfer of a component-related concept for drainage and pollutant removal.
- Compliance with labeling standards for materials and components according to VDA 260 and MB Standard 33035.
- Provision of a recycling concept for selected, supplied parts in coordination with Daimler.
- Highest possible level of plastic component recycling and use of renewable raw materials subject to coordination with Daimler.

3. Confirmation of/Adherence to Substance Bans

Substances that are subject to legal restrictions or bans may only be contained in the materials or parts which are supplied when subject to these regulations (e.g. chemicals ban directive, German "End-Of-Life Vehicles Ordinance" (Altfahrzeug-Verordnung), REACH Regulation (EC) no. 1907/2006). Daimler requires its suppliers to be aware of the obligations from these regulations and to comply with them. The supplier must therefore ensure the following:

- The provision of correct and complete IMDS (International Material Data System) material data sheets (since 2003) is to be ensured free of charge for every new part and for the adjusted parts as well as for all substructure parts and / or contained operating materials characterized as spare parts in the spare parts area, and has to be implemented, in the course of initial sample inspections of new or modified products, at the latest two (2) months following a blank release (QG D). Any flawed material data sheets (MDS) will not be accepted and must be corrected at the latest three (3) months following blank release. For more information on the basic release principles, see IMDS FAQ - Daimler IMDS supplier information on reviewing material data sheets: www.mdsystem.com. A retroactive requirement may be issued for material data sheets not submitted thus far. Although as a general rule no sample inspection is performed for carry-over parts, standard parts and parts serving small parts optimization as used in a new model series, material data sheets will have to be submitted regarding these parts also, should this be subsequently required.
- Registration/Non-approval and notification of substances: The supplier ensure that substances, substances in preparations and substances in products requiring registration are only delivered to Daimler if they are registered in accordance with Article 5 and Article 6 or Article 7 (1) of Regulation 1907/2006/EC for use by Daimler. The supplier similarly ensures that for substances in products delivered that are subject to duty of notification in accordance with Article 7 (2), notification is performed by it or – if the product is not manufactured by it or was imported – an upstream supplier, or alternatively the substance is registered for its intended use (Article 7 (6)). If substances subject to registration or substances stated in Annex XIV of the Regulation 1907/2006/EC are not permitted at the time of delivery for their contractually intended use or the necessary notification in accordance with Article 7 (2) has not been issued, the supplier is required to contact its REACH partner at Daimler without delay: reach-kontakt@Daimler.com.
- **Regulation for substances, that are listed in Annex XIV of REACH-Regulation**
 In case of developing a new component, substances listed in Annex XIV of the regulation 1907/2006/EG (REACH) must be waived in general. If the use of such substances is unavoidable, these substances only may be used after prior approval by the responsible person for the components (Bauteilverantwortlicher, BTV) (where applicable in coordination with the special material department at Daimler) either in written or in text form. The supplier must provide evidence to the BTV that supplier or one of supplier's sub-suppliers have submitted an application for approval for the required usage no later than upon reaching the "latest application date" (18 months before "sunset date"). Otherwise supplier has to take further measures to ensure compliance with the requirements of the REACH-regulation. If there are alternatives under technical and economic constraints, substances included on the candidates list must also be waived preventively in case of developing a new component. If there is no alternative, it has to be aligned with Daimler. The current overviews of the substances included on the candidates list and of the Annex XIV can be accessed on ECHA's homepage:
 - <http://echa.europa.eu/web/guest/candidate-list-table> and
 - http://echa.europa.eu/reach/authorisation_under_reach/authorisation_list_en.asp.

If a component contains a substance listed in Annex XIV of the Regulation 1907/2006/EG, supplier has to inform the BTV/contact person of the supplier management immediately, so that measures for substitution or, if necessary, for other activities regarding the compliance with the REACH regulations (e.g. approval for the relevant substances) can be initiated. Suppliers of spare parts shall refer to the contact person of the after sales department on this matter.

- Substances of Very High Concern (SVHC) in components, spare parts, miscellaneous items, accessories and packaging: If parts delivered contain a share of substances of very high concern (SVHC) specified on the candidate list in accordance with Article 59 (1) of Regulation 1907/2006/EC amounting to more than 0.1% of their weight, the supplier is required to automatically provide all information in accordance with Article 33 (1) of Regulation 1907/2006/EC on delivery. This also applies if such substance is only added to the candidate list during an ongoing supply relationship. The information must be provided in written form, preferably by IMDS.
- Confirmation and observance of the substance bans according to the EU End-Of-Life Vehicles Directive (e.g. chrome (VI) freedom) in accordance with the agreed changeover scenarios.
- Adherence to the list of banned materials according to DBL 8585.
- Recommendations for a further reduction of interior emissions.
- Allergenic and sensitising substances (H317 und H334) must be avoided.
- Minimization of interior emissions, especially compliance with the listed limits of DBL 5430.

4. Holistic Accounting for Continuous Improvement of Products and Production

Daimler carries out environmental audits on the basis of ISO 14040 et seq. in order to determine and improve its overall environmental profile.

On request, the supplier shall therefore provide Daimler with information on the relevant products, materials and processes. Daimler assures suppliers that this information is kept strictly confidential and will only be used for the purpose of holistic Life Cycle Assessment.

The supplier shall make every effort to obtain such information also from its sub-suppliers (raw material and semi-finished product manufacturers, energy suppliers, residue recyclers, etc.). In this regard, the confidentiality declaration shall apply correspondingly.

In order to guarantee a standardized, methodically validated flow of information, Daimler offers an introduction to the technique of holistic Life Cycle Assessment in order to carry out joint analyses as required.

The data must be provided in the specified documentation format (VDA data collection format for life cycle assessments). The period of time and data quality must be agreed between Daimler and the supplier.

The “Environmentally Friendly Product Development” (RD/FZU) department is available to answer any questions and to address any problems.

IV. Promotion of Standards in the Supply Chain

The supplier will forward the content of these sustainability standards to its suppliers, placing them under the corresponding obligations, and will monitor and check compliance with sustainability standards in the supply chain.