



Dear readers,

This report describes what Daimler means by “sustainability.” For us, it means a “360 - DEGREE” corporate responsibility that applies to local and global economics, society, and ecology and extends to all of our activities with a sharp focus on our operations. The following pages show how we are putting our commitment into practice.

It has taken more than 100 years to put the first 800 million vehicles on the road worldwide, but it will take less than 30 years to at least double that number. The reason is that automobiles are now affordable to a rapidly increasing percentage of people who live in China, India or other emerging markets.

That’s a very positive trend, as it offers more people social and economic development opportunities. However, this rapid motorization will only be environmentally acceptable if we continue to make passenger cars and commercial vehicles cleaner. We consider this to be a perfect challenge for Daimler:

- We invented the automobile, the truck, and the bus.
- Customers rely on us to provide solutions – and we are ready to accept a pioneering role when it comes to clean and safe mobility.
- And, finally, we have the necessary innovative strength to succeed.

In 2007, Daimler invested € 4.1 billion in research and development and €1.8 billion in environmental protection. Over the next few years we will further increase these budgets. In fact, by 2010 we will have invested nearly €14 billion in research and development.

These efforts are all the more important because no single technology is clearly superior to all others. There’s no obvious route to tomorrow’s mobility. Therefore we based our “road map for sustainable mobility” on three pillars:

- the ongoing optimization of our vehicles with internal combustion engines;
- the further improvement of efficiency through hybridization – in other words, the combination of a combustion engine with an electric motor; and
- zero-emission driving with fuel cell and battery drive systems.

What’s more, we’re also actively involved in the search for future energy sources.

All of this illustrates our determination to be the driving force behind sustainable mobility. This is one of our most important goals.

We also pay close attention to the overall consequences of our actions beyond the realm of environmental protection. Business interests and social responsibility have to go hand in hand – and the practical application of this principle begins with each and every one of us. That’s why, for example, we are helping our employees to balance the demands of career and family. By the end of 2008 we will have set up additional childcare facilities for 350 children under three years of age throughout Germany.

What's more, in 2007 we once again trained more young people than we require in our own company. In fact, some 40 percent of all trainees in the German automotive industry are learning their profession at Daimler.

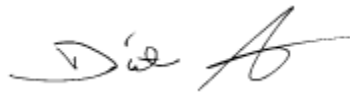
But Daimler's sense of responsibility doesn't end at the plant gates. We also support numerous initiatives in the areas of education, training, science, and culture around the globe. In South Africa we've long supported the struggle to prevent the spread of HIV/AIDS. Through our worldwide "MobileKids" initiative, we are helping to improve road safety for children – yet another of our responsibilities as an automaker.

Finally, we also help promote creative thinking and global understanding. For example, in conjunction with UNESCO, we stage international student competitions as part of our Mondialogo initiative. We support intercultural exchange programs for engineering students and traditionally sponsor the Donors' Association for the Promotion of Sciences and Humanities in Germany. We're also involved in a broad range of social and cultural activities.

All of our activities are grounded in our corporate values of passion, respect, integrity, and discipline. They apply to all of our operations worldwide, at all times, and without reservations. We have explicitly committed ourselves to the Global Compact of the United Nations and its principles concerning human rights, employer-employee relations, environmental protection, and the struggle against corruption. We have implemented these principles in binding internal guidelines. Daimler simply does not, and will not, engage in business operations that do not comply with these principles. Through our Corporate Compliance department, which we have further expanded, we ensure that our employees apply these principles in their daily work.

In the future we will coordinate our diverse sustainability activities even more closely. To this end, we have set up a coordination committee that reports directly to me. "360 DEGREES of responsibility" – that's the standard we aim to live up to in all of our efforts.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dieter Zetsche', with a stylized flourish at the end.

Dr. Dieter Zetsche
Chairman of the Board of Management and
Head of Mercedes-Benz Cars