



Shaping communities. Building bridges. Promoting dialogue.
Corporate Social Responsibility in 2004

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sustainability first became apparent five years later, at the 1992 Rio Earth Summit.

>>**Sustainable development** According to the Brundtland Commission (see Sustainability above), the main characteristics of sustainable development are the satisfaction of the basic needs of the world's poor in particular, and the pursuit of a development model that preserves the planet's limited resources for future generations.

>>**UNEP** United Nations Environmental Program. The United Nations' environmental protection organization, based in Nairobi.

>>**UNESCO** United Nations Educational, Scientific and Cultural Organization. United Nations agency responsible for the promotion of culture and education.

>>**WBCSD** World Business Council for Sustainable Development. International initiative by a coalition of 170 international enterprises committed to driving forward sustainable development (see above).

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DaimlerChrysler AG
D – 70546 Stuttgart, Germany
Auburn Hills, MI 48326-2766, USA

Under the charge of
DaimlerChrysler AG
Dr. Michael J. Inacker
Vice President External Affairs and Public Policy – Stuttgart – HPC 1134
D – 70546 Stuttgart, Germany

Project managed and coordinated by
DaimlerChrysler AG
Wolfram Heger
HPC 1134
D – 70546 Stuttgart, Germany
Fax: +49 711 17 - 9 17 55
E-mail wolfram.heger@daimlerchrysler.com

Written and edited by
md kommunikation gmbh, Frankfurt am Main
The WORD GYM Ltd., Oxford

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Repeat orders
For additional copies of this publication, please contact
Debeos GmbH
HPC 5000
D – 70546 Stuttgart, Germany
Fax: +49 711 17 – 9 48 24
E-mail: medialogistik.debeos@daimlerchrysler.com

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Editorial Prof. Jürgen E. Schrempp



Dear Reader,

“Big business should not be allowed to rule the world”. This provocative point of view is frequently expressed by critics of globalization who believe that international enterprises exert too great an influence on politics and society. But they are forgetting one fundamental issue: companies are themselves members of society. A company achieves sustainable, long-term economic success not by betraying, but rather by gaining, the trust of the countries and cultures in which it operates. Such trust is developed at the political, commercial and social level – but most importantly and immediately, in a company’s interactions with its employees and customers. Only businesses that succeed in cultivating the high opinion and esteem of the non-corporate world also continue to succeed in the marketplace.

On this basis, DaimlerChrysler is committed to acting as a responsible, actively engaged member of society. In this context, “engaged” implies both influence and obligation: as a company, we aim to behave as a “proactive citizen”, using our skills to benefit society worldwide. As a corporation that operates in some 200 nations around the world, we can point to any number of examples of our engagement with social issues, reflecting our sense of responsibility. This report highlights the sheer variety of our many initiatives and describes some of the most important of them.

Undoubtedly our company can contribute most effectively to social development in those areas where we can also bring our core competencies to bear – that is, in anything to do with transport or mobility. Our core values are safety, leadership in innovation and sustainability.

This is why, for example, we invest some six billion euros every year in research and development to build ever-safer, ever-cleaner vehicles. This is also why we fund campaigns for the protection of road users, targeting those members of society at greatest risk: our children. For the same reason we attach great importance to initiatives such as POEMA, a project where state-of-the-art automotive manufacturing techniques enable the use of renewable raw materials from the Brazilian rain forests, creating new jobs and helping to preserve an ecosystem under threat.

POEMA has now become the starting point for a Global Sustainability Alliance within DaimlerChrysler. The various projects involved – in Germany, Brazil, South Africa, India and the Philippines – all have one thing in common: they represent an exemplary combination of cost efficiency with environmental protection with social development, all driven by the sense of responsibility of a corporation operating on a global scale: a win-win-win situa-



tion from which human beings, the natural world and the enterprise all benefit equally. These and many other projects have shown us that working together with state institutions, unions and even sometimes critical non-governmental organizations (NGOs) can bring genuine benefits for all.

The direct impact that social problems can have on businesses is exemplified by the devastating consequences of AIDS. Quite apart from the personal tragedy involved every time another person is infected, in many parts of the world the AIDS pandemic is now a major obstacle to business development. It is my deeply held conviction that businesses must play their part in ensuring that we prevail in the fight against AIDS. Hence my intensified efforts within the forum provided by the Global Business Coalition on HIV/AIDS, following my appointment as Chairman of the Coalition in 2002. Within DaimlerChrysler, we have launched wide-ranging awareness campaigns to encourage preventive behavior. We also run support programs to help those infected by the disease, taking pains to protect them from any kind of discrimination or exclusion.

Such problems, however, can only be resolved by working together with other social groups. Together we can win the fight against poverty and hunger, against human rights abuses or in favor of fair trading conditions for developing nations. Companies can enter into new, responsible partnerships with policy-makers – partnerships that create trust, that resolve the animosity of anti-globalization protesters, that build bridges between different cultures and value systems. Our belief in such partnerships drove us to become one of the first global corporations to embrace the UN Secretary General's Global Compact Initiative. And we continue to play an active role in applying and further developing the Compact's social, philanthropic and sociopolitical values. All the forces that shape our society must work together in a joint effort to make genuine progress in these areas. Within our own sphere of influence, and to the very best of our abilities, DaimlerChrysler will continue to contribute to this effort.

Prof. Jürgen E. Schrempp

Chairman of the Board of Management, DaimlerChrysler AG

Areas of activity

As an international group, DaimlerChrysler is represented on every continent on Earth. The success of our products and services is built upon the commitment of more than 360,000 individuals around the globe. As a “global player”, we answer for our actions to our customers, shareholders and employees, as well as to local authorities, national governments and society as a whole. Because of this, our business strategy explicitly provides for the company to play a responsible, proactive role in helping to shape our society worldwide.

>> Policy framework. One of our key priorities is to ensure that the process of globalization is as fair and sensitive to human needs as possible. This is why we encourage the development of harmonized policy frameworks around the world, for example by supporting the UN's Global Compact initiative (cf. page 12).

>> Social dialogue. At the national level, we take part in cultural and policy-making initiatives and maintain open dialogues with every key group in society (cf. page 10). As a business with its roots in Germany and the USA, we are also intensively involved in cultural interaction and exchange (cf. page 14).

>> Workforce. As an employer, we place the highest priority on employee welfare – it is part of our core ethic. So for example we have defined minimum standards for health and safety, remuneration and working hours that apply worldwide and are encapsulated in our Principles of Social Responsibility (cf. page 18).

>> Safety. One of our chief priorities is to make mobility safer – whether of human beings or goods. Every year, we invest millions in research into vehicle safety. We are also involved in numerous national and international projects for improving road safety (cf. page 38).

>> Environment. For DaimlerChrysler, protecting the environment is the logical expression of a responsible, farsighted attitude toward the use of natural resources. From engineering innovations aimed at reducing the fuel consumption and environmental impact of our vehicles to our in-depth research into fuels and advanced powertrains, we are busily engaged in protecting the planet (cf. page 28). In addition, we concentrate on projects where we can apply our company's core competencies directly to social and ecological issues.

>> Good neighbors. To fulfill our responsibilities as a Good Corporate Citizen in the local communities in which we operate, and to emphasize the close links between our company and the people living in our immediate neighborhood, we support a wide variety of community projects and also sponsor local sporting and cultural events (cf. page 50 and 54).

„For DaimlerChrysler, corporate social responsibility is a high priority“, states Robert Liberatore, Head of Global External Affairs and Public Policy (second from left). Other team members include (L to R): Michael Inacker (Stuttgart), Frank Fountain (Detroit) and Timothy McBride (Washington).





Challenges facing a citizen of the world

- > Taking responsibility > Globalization – a human perspective
- > Transatlantic dialogue

Taking responsibility

Locally and globally, DaimlerChrysler is actively working to help resolve social problems. Our commitment to political, economic, cultural, and social initiatives springs from a clearly defined philosophy: for DaimlerChrysler, high-quality products and services are inseparably bound up with our obligations to society and the environment.



Discussing German-American relations: Chairman of DaimlerChrysler's Board of Management Jürgen E. Schrempp with U.S. Senator Richard Lugar (left). Handing over the keys: Brazilian President Lula da Silva accepts the donation of a truck from Ben van Schaik, President of DaimlerChrysler do Brasil, for use in the Fome Zero program to combat hunger (center). Germany's Federal President Johannes Rau tests the Smart Crossblade (right).

DaimlerChrysler produces and markets products and services on every continent, in nearly 200 different countries. As a result, we have had to develop a high degree of sensitivity not only to local market conditions, but also to the social and cultural circumstances that characterize each country.

This is why we are engaged in continual, constructive dialogue with key decision-makers in business, politics and civil society. These include not just national governments and political organizations, but also employee associations, human rights organizations and environmental campaigners. The perspectives and needs championed by these groups often indicate pressing issues within society as a whole, helping to reflect social reality more fully. Simply being aware of these issues, however, is not in itself suffi-



The Asia-Pacific region is very important to DaimlerChrysler: Eckhard Cordes, Board Member responsible for the Commercial Vehicles division, in conversation with Singapore's present Minister of Transport Yeo Cheow Tong and Frank Messer, CEO of DaimlerChrysler South-East Asia (L to R). Right: Delivering the Pope Mobile: DaimlerChrysler employees and the President of DaimlerChrysler Italia, Wolfgang Schrempp, visit Pope John Paul II in Rome.

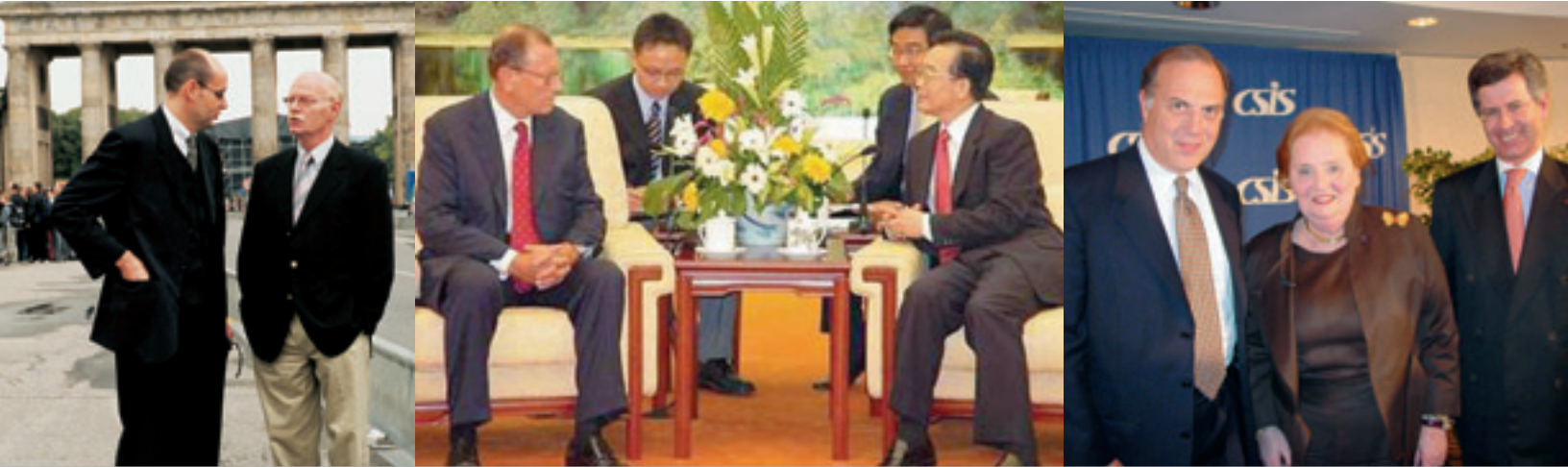
cient. If a company like DaimlerChrysler hopes to be successful over the long term, it must play the role of a Good Corporate Citizen by actively promoting stability, tolerance and understanding within society, as well as helping to resolve social issues. This is why we sponsor so many socially and politically significant projects throughout the world, all with the common aim of finding solutions. The scope of our commitment is directly linked to the status of our commercial enterprises: as profitability grows, so does our ability to make positive contributions.

International concerns like DaimlerChrysler have another, even more critical role to play. We are called to support national governments and global institutions like the United Nations (UN) in their efforts to create a fair and balanced framework for the global

economy. Initiatives like the Global Compact (cf. page 12) or the OECD Guidelines for Multinational Enterprises – in which 33 signatory states have laid down guidelines governing the behavior of global companies – are vital to these efforts, representing a socially acceptable frame of reference for our commercial, ecological and social activities.

Globalization – a human perspective

Globalization brings together societies and markets. To enable as many people as possible to experience the benefits of globalization in every part of the world, Kofi Annan launched the Global Compact in 1999. DaimlerChrysler is an active supporter of the initiative.



Left: Michael Inacker, Head of External Affairs and Public Policy in Stuttgart, with German Defense Minister Peter Struck. Center: Jürgen E. Schrempp in conversation with Chinese Premier Wen Jiabao. Right: Robert Liberatore, DaimlerChrysler's Head of Global External Affairs and Public Policy; Madeleine Albright, former U.S. Secretary of State and Jean-David Levitte, French Ambassador to the USA (L to R).

As a multinational enterprise, DaimlerChrysler is an active participant in a great movement that is linking together production sites around the world, causing markets to converge and enhancing intercultural understanding: globalization. Globalization provides gigantic opportunities, offering the way forward to growth and prosperity, driving developments in technology, medicine and the sciences, and encouraging the responsible use of natural resources.

However, the profound transformation associated with the globalization process is also confronting human societies with major challenges. The Global Compact represents a response to these challenges, an undertaking to make the benefits of globalization equally accessible to human beings in every part of the world. The model for the Global Compact is enshrined in nine principles relating to human rights, labor and the environment.

>> www.unglobalcompact.org

DaimlerChrysler was one of the first global enterprises to commit to the new initiative. As we see it, the true potential of the Global Compact lies in the fact that it brings together interest groups from every part of society in a voluntary alliance. By defining clear rules of conduct, this alliance provides a frame of reference for all

those involved – from multinational corporations and trade unions to NGOs concerned about globalization – whilst also encouraging them to pool their experiences and assist in resolving issues relating to labor, human rights and the environment within their respective spheres of influence.

>> Labor. For DaimlerChrysler, the principles embodied in the Global Compact represent a key element in the formation of a policy-making framework of truly international scope. They complement and enhance our own internal rules and guidelines, including for example our Integrity Code, which lays down binding rules governing the way all DaimlerChrysler employees interact with government authorities, official representatives, business partners and suppliers.

>> Human rights. Our Principles of Social Responsibility, which refer explicitly to the principles set out in the Global Compact, were agreed in 2002 between the company's senior management and our World-Employee-Committee (cf. page 18). In our Principles, we declare our support for internationally recognized human rights and undertake to adhere to minimum standards in respect of, for example, health and safety, working hours and remuneration.



At the opening of the new DC Bank in Stuttgart: Roland Folz, Chairman of the Board of Management of DC Bank; Erwin Teufel, Minister President of Baden-Württemberg; Jürgen E. Schrempp; Klaus Mangold, at the time Chairman of DC Services; Rudi Häussler, Chairman of the Board of Management of the Häussler Group (L to R). Right: Japan's Princess Tomohito of Mikasa standing next to Hans Tempel, CEO of DaimlerChrysler Japan.

>> Environment. As a global corporation, our responsibilities extend to cover another important field of activity: protection of the environment and the sustainable, low-impact use of natural resources (cf. page 28). The principles we apply to these issues have been enshrined in environmental guidelines that apply across the organization as a whole.

What we do to support the Global Compact

We support the aims of the Global Compact through a large number of projects. During 2002 and 2003, for instance, we focused our advocacy activities on Malaysia, Poland and Uzbekistan, spreading more information about the initiative through our local business units and helping to promote implementation of the Compact's principles.

For example, as part of our Global Compact initiative in Poland we supported the School for Leaders. This project sponsors young people who are actively involved in developing their local communities. Every year, some 40 young people from around the country take part in the training courses, where they learn the basics of planning, launching and managing political or social projects and are given a grounding in marketing communications and public relations.

One high-priority theme of the Global Compact Dialogues – an event that focuses annually on different topics – is the fight against the HIV/AIDS immunodeficiency virus (cf. page 46). An in-depth case study covering our experiences in South Africa provides a useful benchmark for other companies. DaimlerChrysler is also involved in the Alliance against Hunger and Poverty, a project initiated by the Wittenberg Center for Global Ethics. This project represents a first attempt to use companies' core competencies to tackle the problem of poverty, whilst also attempting to coordinate a series of common approaches to the underlying issues – in the formulation of policy, for example.

In 2003, we organized the International Dialogue Berlin for the fourth time, in a joint venture with the United Nations Association in Germany (DGVN). This series of conferences attempts to provide a discussion forum for future decision-makers from around the world. In 2003, the theme was "Culture – Technology – Development: In Search of the Magic Triangle". The year before, the topic had been "Poverty and Violence – Solutions in a Global Context", which generated much impassioned debate. The next event is due to be held in 2004.

Transatlantic dialogue

As an enterprise with its roots in Germany and the USA, DaimlerChrysler is involved in building good relations between Europe and North America at many levels, ranging from political dialogue through scientific projects to student exchange programs.



At DaimlerChrysler's invitation, members of Baden-Württemberg's state assembly discuss the use of fuel cells with members of the House of Representatives in Michigan, USA, in the autumn of 2003. Right: Timothy McBride, DaimlerChrysler's Head of External Affairs and Public Policy in Washington greets White House Chief of Staff Andy Card.

When the merger between Daimler-Benz AG and the Chrysler Corporation was signed and sealed in 1998, two major companies – each with a rich tradition of its own – joined together to form the first truly transatlantic manufacturing enterprise: DaimlerChrysler. In view of these origins, it is only natural that DaimlerChrysler should have a particular interest in cultivating cordial relations between North America and Europe, and more specifically between Germany and the USA.

The German and U.S. economies are closely intertwined – so closely, in fact, that even the political tensions that arose between the governments of both countries during the Iraq war did not have a significantly negative impact on commercial collaboration. This indicates the enormous potential of the business world for boosting understanding at the political level.

The concept of mutual understanding underpins our own internal exchange programs for our German and American employees. It also governs the innumerable projects and events that we organize or sponsor outside the company. These include speeches, symposia and conferences, as well as intercultural encounter programs.

DaimlerChrysler Dialogues

Since the end of the Cold War, the USA and Europe have redefined their roles as international players. Particular friction is generated by differences of opinion concerning economic policy, environmental protection and national security. The associated issues can only be resolved in frank, open exchanges of views between peers.

With this in mind, and in close collaboration with reputable institutions in Washington, D.C., such as the Center for Strategic and International Studies (CSIS), the Institute for International Economics (IIE), The American Institute of Contemporary German Studies (AICGS), the Aspen Institute, and the Center for Transatlantic Relations at Johns Hopkins University, DaimlerChrysler has launched a series of conferences known as the DaimlerChrysler Dialogues. Their aim: to help strengthen transatlantic relations.

The dialogue forums in Washington and Berlin bring together leading figures from the worlds of business, politics and civil society. The agenda covers topical economic and political factors affecting transatlantic relations, as well as issues relating to national and international security. The list of delegates includes the names of



German Foreign Minister Joschka Fischer meets Robert Liberatore, DaimlerChrysler's Global Head of External Affairs and Public Policy, in Washington. Right: German Federal Chancellor Gerhard Schröder (center) at the opening of the German-American Friendship Festival organized by Bridge New York-Berlin. Next to him stands Matthias Kleinert, at the time DaimlerChrysler's Head of External Affairs and Public Policy.

many of the most influential policy-makers in the USA, UK, France and Germany.

In addition, DaimlerChrysler helps to fund academic efforts to examine the issues associated with transatlantic relations in greater depth. For example, we recently sponsored a study carried out by the Center for Transatlantic Relations at Johns Hopkins University in Washington. Entitled „Driving Apart or Growing Together? The Primacy of the Transatlantic Economy“, the study examines the increasing interdependence of the American and European economies – the 2.5 trillion-dollar transatlantic economy employs approximately 12 million people. It highlights just how important it is to become fully aware of shared interests rather than choosing to focus on differences.

The Bridge New York – Berlin

Deeply moved by the stark impression made on him by his visit to New York's Ground Zero, German Federal Chancellor Gerhard Schröder issued a spontaneous invitation to the Mayor of New York City in October 2001. He wanted to give 1,000 young New Yorkers the opportunity to visit Germany, and his heartfelt petition

heralded the birth of the Bridge New York-Berlin project. Under DaimlerChrysler's leadership, and with the active support of 17 other German businesses and donors, the organization has taken on the task of arranging a full program of visits.

At the time of writing, some 800 New York students aged between 15 and 18 have already visited Germany. The visitors have been particularly inspired by their meetings with young people of their own age while staying with host families. But for most of them, the undoubted high point of their stay was their visit to the federal capital, Berlin, rounded off by a reception at the Federal Chancellery. An experience soon to be shared by more young visitors to Berlin – the last group of "Bridge-crossers" is due to visit the German capital over Easter 2004.



The proactive workplace

> A corporate culture that puts people first

>2.



People in movement: the future of DaimlerChrysler is built on the multi-cultural talents of our skilled international workforce.

A corporate culture that puts people first

The success of DaimlerChrysler as a global enterprise is the result of the efforts of more than 360,000 individuals. Individuals who, day after day, use their knowledge, skills, creativity and talent for the benefit of the company and society. Our responsibility as a Good Corporate Citizen begins with them: our employees.

DaimlerChrysler invests heavily in training and a good working environment, as a way of rewarding, encouraging and sustaining the motivation and commitment of its employees. Health and safety, equal opportunities and the provision of skills training for the tasks of today and tomorrow are all top priorities within the company. We are also keen to ensure that working conditions and industrial relations meet a set of minimum standards that applies across the globe.

A global standard for working conditions

In July 2002, the World Employee Committee (WEC) was created from the existing "international working group of worker representatives", which had been operating on an informal basis since 1999. The committee, consisting of 13 members representing workforces and trade unions on four continents, aims to safeguard and improve the exchange of information and views between employee organizations. It also provides a framework for ongoing communication with senior management.

In September 2002, shortly after the committee was formed, senior management and the WEC signed up to a set of principles governing social responsibility. These are based on International Labor Organization (ILO) conventions and are applicable and binding throughout the corporation as a whole, worldwide. This agree-

ment also underlines our commitment to the principles of the Global Compact (cf. page 12).

Our Principles of Social Responsibility reflect our commitment to internationally recognized human rights, our total rejection of forced labor and child labor, and our respect for equal opportunities and the idea of "equal pay for equal value". Health and safety in the workplace are given top priority throughout the company; they form a key part of the corporate policy we apply to our investments overseas. We expect a set of minimum standards to be observed with respect to remuneration, working hours and training. Our principles also recognize employees' rights to freedom of association and collective bargaining. Moreover, we expect our suppliers to adhere to comparable principles as the basis for lasting business relationships.

In February 2003, these principles were subjected to in-depth scrutiny at an expert hearing in Stuttgart. Representatives of various NGOs and other associations, ranging from international trade unions to ATTAC, analyzed them in detail and discussed how they could be implemented in working environments around the world as speedily as possible. While a number of specific criticisms were made, the experts were unanimous in their overall approval of our principles.

We're proud of our international workforce. In 2002, senior management and the World Employee Committee signed up to a set of principles governing social responsibility which apply throughout the corporation as a whole, worldwide.



Every single manager in the Group is responsible for ensuring that these principles are upheld, and adherence is also monitored by our Corporate Audit Department during their inspections. We are currently working to ensure that all our employees and suppliers are aware of our principles. To track down possible abuses or infringements more easily, we plan to establish a global network that will also involve local communities and social groups.

To give them more weight and ensure that they are implemented at every level and in every part of our business, we have incorporated our Principles of Social Responsibility into the DaimlerChrysler Integrity Code, a set of company guidelines that has been in place since 1999 and applies to all employees.

Taking health and safety seriously

Good working conditions create the right environment for developing and using your potential to the full. So it goes without saying that DaimlerChrysler gives a very high priority to health and safety in the workplace; we regard them as a fundamental part of our corporate responsibility. In 2003, DaimlerChrysler was named one of America's 16 Safest Companies by *Occupational Hazard* magazine. The award is presented annually to companies that have made a serious commitment to providing a safe and healthy workplace for employees.

To improve the health, skills and job satisfaction of our employees, we have developed an efficient health management system that systematically incorporates health care issues into our business processes. Within this system we organize a wide variety of initiatives, ranging from early identification and prevention to health care and advisory services, including in-depth educational and awareness programs.

One important aspect of this system is ensuring that all employees enjoy equal opportunities, especially employees with any kind of disability (cf. page 68). In April 2002 we launched an initiative focused on intensifying our efforts to integrate employees with disabilities.

Staying in touch: Günther Fleig, Board Member responsible for Human Resources and Labor Relations (left). Everybody gets to contribute when it comes to developing the best solutions in teamwork (center and right).



International Work and Health Forum

Our Work and Health forum on labor policy is a key platform for discussing issues relating to corporate health management. The third forum, held in November 2003, once again provided an opportunity for experts from every sector of the enterprise as well as specialists from other companies to exchange news and discuss topical issues. The forum was attended by members of human resources departments, works council delegates and managers specializing in labor organization and corporate health care.

The discussions underlined the importance of an integrated approach to health and safety in the workplace. The premise that health is about more than just the absence of illness emerged as a key principle and objective of the forum, to which all those in attendance subscribed. Preventive health care is not restricted to the mere avoidance of physical illness – it is also about seeking to understand the causes and inhibitors of disease.

In 2003, the forum had a truly international flavor for the first time, with delegates from various countries and continents in attendance. Consequently the forum focused on the different health and safety systems and conditions in place in different parts of the world. It quickly became clear that an enormous body of knowledge already exists, and that we must now concentrate on collating and sharing it. Thus the concept of an in-house medical center like the one at our Brazilian plant in São Paulo

suggested new possibilities for our corporate health care system in Germany. Similarly, a report from our Tuscaloosa plant in Alabama (USA) demonstrated the impressive results of a “total transparency” approach in the workplace. For example, in the event of an incident at the plant, employees are informed both of the accident and of the conditions that caused it in less than 24 hours. This has resulted in a dramatic reduction in the number of accidents and injuries.

SG Stern, DaimlerChrysler's factory sports team in Stuttgart, organizes regular running meets (left). Safety in the workplace is especially important in jobs involving technology, and is covered in basic training (right).



Education and training

To be successful in your career, you need a good education and ongoing opportunities to acquire additional skills. DaimlerChrysler offers its employees a wide variety of training programs tailored to today's working environment and is committed to the highest standards of education and training worldwide.

We offer excellent training opportunities to young people in particular, helping to open up their career development prospects. As our company has evolved into a global concern, we have steadily developed and expanded our training activities. Training centers have sprung up around the globe, equipping young men and women with the skills they need for a career in the automotive industry. Here are two examples:

>> Nigeria. The Mercedes-Benz ANAMMCO Training Centre not only prepares staff to work in our manufacturing plant, but also provides a much larger number of young people with the knowledge and skills they need to work in the automotive industry. Under the aegis of the Open Apprenticeship Scheme, an anti-poverty initiative spearheaded by the Nigerian government, the training center has so far educated about 700 young men and women free of charge. Most of them have since found jobs in the industry or set up their own workshops. Since being recognized by the Institute of Management and Technology in Enugu, the

ANAMMCO qualification has acquired the status of a National Diploma.

>> Malaysia. DaimlerChrysler Malaysia's training center gives young people a rounded knowledge of engineering fundamentals, preparing them for careers as mechanics in our service network. The learning program has been specifically tailored to local requirements and is recognized by the Malaysian Ministry of Human Resources. To date, more than 400 people have successfully completed the program and are now working for us. Many of the center's graduates have put their abilities to the test and won prizes in Malaysia's National Skills Competition.

DaimlerChrysler trainees take part in a symbolic groundbreaking ceremony for a new training center in Stuttgart Untertürkheim (left). Learning about automotive electronics in the new DaimlerChrysler Malaysia training center (right).



Equal opportunities and diversity

Equal opportunity is a core value underpinning DaimlerChrysler's dealings with its workforce. By equal opportunities, we mean that all employees – irrespective of gender, race, age or religious persuasion – are offered the same opportunities and can expect to be treated and promoted according to their personal abilities, skills and achievements. In this way, we hope to create an ideal environment for encouraging individual talents to develop and interact.

>> *Diversity Awards.* Two U.S. automobile magazines, *African Americans on Wheels* and *Latinos on Wheels*, voted DaimlerChrysler "Company of the Year 2002" for its consistent promotion and implementation of a diversity policy within the company and in its interactions with dealers and suppliers. And in 2004, *Latina Style* magazine once again rated DaimlerChrysler as one of the Top 50 companies in the USA for offering excellent career and job opportunities to Latin-American women.

>> *Supplier Diversity.* On the subject of diversity, DaimlerChrysler South Africa is looking to learn from DaimlerChrysler in America. In 2002, our African specialists adopted their American colleagues' award-winning Supplier Diversity Program as a model for their own business. They have set themselves an ambitious target: to raise the proportion of supplier firms managed by black Africans to 30% by 2011.

>> *Careers for women.* As one of a number of initiatives, we have extended our joint venture with Femtec, the university career center for women in Berlin, with the aim of offering women more career opportunities within our corporation. The center is co-managed by DaimlerChrysler as part of a public-private partnership. Its aim is to improve recruitment and promotion opportunities for women in the fields of science and engineering, and to make the study of technical subjects more attractive to women.

>> *Technology for girls.* By taking part in the nationwide Girls' Day event in Germany, we hope to show girls just how exciting technical careers can be and encourage them to investigate job opportunities in this area. In 2003 alone, 500 schoolgirls in school years 5 to 10 took advantage of Girls' Day to take a look behind the scenes at our factories – and thoroughly enjoyed the experience.

>> *Work and family life.* By developing policies relating to part-time work, flexitime, teleworking and maternity/paternity leave that are as flexible and closely tailored to individual needs as possible, we try and help our employees to harmoniously integrate their working life with their family life. Take the example of our plant at Wörth in Germany, which successfully passed a Work and Family Audit in 2003 and was awarded the Work and Family certificate – recognized throughout Europe – for the quality of its many family-friendly initiatives.

There are many aspects to equal opportunities. DaimlerChrysler believes that all employees, irrespective of race, disability or gender, should have access to the same opportunities. The corporation also helps employees to successfully integrate their working lives with their family lives.



Employees and social commitment

All over the world, DaimlerChrysler employees are voluntarily taking part in regional initiatives. We have selected the following examples from a huge range of projects.

>> *USA/Germany.* Those lucky folk who get to travel to Germany or America under the auspices of the Youth Beyond Borders exchange program do more than just live in a new culture – they also get involved in local projects run by volunteers. In 2003, for example, program participants – all children of DaimlerChrysler employees – worked on a scheme to protect the Goldenstedt Moor in northern Germany. On the other side of the Atlantic, the young people cleaned up a city park in Detroit and helped human rights organization Focus Hope to assemble food packages for the needy.

>> *Germany.* To celebrate its 10th anniversary in 2002, the Mercedes-Benz plant in Rastatt staged a campaign christened “Stern-taler” (star coins), after a Grimm Brothers fairy tale in which the stars turn into coins and drop from the sky. The Rastatt Customer Service Center donated 5,000 euros to each of five local children’s projects. They also actively promoted six others, collecting donations and topping them up to a total of 5,000 euros per project. The eleven initiatives ranged from a painting course for the mentally handicapped to the building of a tree house at a nursery. A rain of donations, just like the fairy tale!

>> *USA.* On a single day some 10,000 volunteers – many of them DaimlerChrysler employees – renovated 330 homes, two schools and a public park in Detroit. The group that first launched this highly successful campaign in 1988 and continues to organize it today is called Paint the Town. Its chief aim is to create decent homes and a pleasant environment for elderly citizens from poor backgrounds in particular.

>> *Brazil.* Near our plant in São Bernardo do Campo lies a poverty-stricken neighborhood called Favela Naval. In 1999, a group of DaimlerChrysler employees assembled volunteers and organized a Christmas party for the children of Favela. Since then, the party has become something of an institution, and each year, the volunteers have steadily extended their activities on behalf of the area’s youth – in 2002, they started to celebrate Easter. The group also arranges occasional trips for the children.

A children’s nursery in Rastatt (left) and ten other projects received 5,000 euros each thanks to the “Stern-taler” campaign organized by employees. Many DaimlerChrysler employees also gave their support to the Paint the Town initiative, which aims to improve urban Detroit (right).



> 3.



Working sustainably

- > Mission objective: environmental protection
- > Powering mobility in the future
- > Global Sustainability Cooperative



Production of fuel-cell-powered Mercedes-Benz „F-Cell“ A-Class cars at DaimlerChrysler's manufacturing plant in Rastatt, Germany.

Mission objective: environmental protection

For DaimlerChrysler, protecting the environment is a core value. We use our technological leadership as a vehicle manufacturer to make our products and production methods as environmentally acceptable as possible.

If a major corporation such as DaimlerChrysler hopes to assure the long-term success of its business, it must deal in a sensitive and responsible way with the basic fundamentals of life and local economies. Hence the high priority we give to environmental protection.

A comprehensive list of environmental objectives and measures sets down in precise detail exactly what we want to achieve in terms of environmental protection, and exactly how we should set about achieving it. Every year we review and update our objectives and assess how close we are to achieving them.

Our primary environmental strategy is to use technical innovation to increase the energy efficiency of our products and production processes. This approach, coupled with our support for renewable

fuels, is intended to help conserve the Earth's limited supply of fossil fuels, reduce carbon dioxide emissions in industrialized nations, and cut back climbing emission levels in the developing world.

Environmental protection has been a high priority in our production plants for many years. We regard ourselves as pioneers in the development of low-impact manufacturing processes. We are continually improving our environmental protection measures by implementing ever more effective environmental management systems. Almost all our plants now comply with international environmental standard ISO 14001. And our commitment doesn't end there: we help to sponsor nature conservation and environmental protection projects all over the world.

DaimlerChrysler received the 2003 Clean Air Excellence Award from the US Environmental Protection Agency (EPA) after working with DuPont to introduce a new, ultra-low-solvent paint at the DaimlerChrysler plant in Newark, Delaware, USA.



You can read more about our activities relating to environmental protection and sustainability in the DaimlerChrysler Environmental Report 2003 entitled *360 DEGREES*.

Laid out as a magazine, the report uses pictures, interviews and journalistic techniques to take you right to the heart of the action – into our laboratories, for example, where researchers are working on their visions of the car of the future, or to our works in Toluca, Mexico, where the entire industrial water cycle is enclosed so that not a drop is wasted.

At >> www.daimlerchrysler.com/go/environment our comprehensive *Online Report* provides fact-and-figure breakdowns of what DaimlerChrysler is doing to protect the world's environment and resources more effectively, thereby helping to make sustainable mobility a reality.

At Nature Work Camps like the one here at La Nava Lake in northwestern Spain, children of DaimlerChrysler employees work with environmental organizations to restore and preserve natural habitats.



Powering mobility in the future

DaimlerChrysler is also helping to prepare for the imminent transition to the renewable energy sources of the future, working hard to develop alternative drive technologies while at the same time optimizing our conventional engines, so that in the short term we can cut the fuel consumption of the vehicles we produce.

The world's roads are currently occupied by three quarters of a billion cars – and according to the experts, this figure could double over the next 25 years. In the long term, there is no way that fossil fuels can satisfy the energy requirements of this ever-expanding fleet, for two good reasons: first, fossil-fuel reserves are finite, and second, there is increasing concern about reducing CO₂ emissions in order to minimize possible climate change brought about by human activity.

Consequently DaimlerChrysler is working intensively on various options for new drive technologies. In our vision of the future, our streets will be filled with vehicles running on regenerative hydrogen fuel cells, producing no exhaust gases at all. We are already a leading developer of fuel-cell vehicles: our hydrogen-fueled Mercedes-Benz A-Class car is moving steadily toward mass production status. The latest generation of the car, dubbed the “F-Cell”, has been undergoing road tests in Japan since March 2003. In 2004, F-Cell cars will begin consumer testing in Japan, Germany, the USA and Singapore.

In the commercial vehicle sector, a total of 30 Mercedes-Benz Citaro buses fitted with fuel cells left our factories in 2003 to embark on a two-year practical experiment on the streets of ten European cities. The buses run on hydrogen stored in tanks on each vehicle's roof.

Our Freightliner business unit is also setting the standard in advanced truck technology. The Portland, Oregon-based unit's demonstration truck, fitted with Safety Environment Technology (SET), is foretaste of the future of commercial road transportation. The SET concept truck boasts all kinds of new features, including a supplementary fuel-cell system that supplies eco-friendly power to electrical components like the air-conditioning system, ice-box and emergency lights while the truck is parked.

However, it may be many years before fuel-cell vehicles like the F-Cell car, Citaro bus and SET truck become an everyday sight on our roads. In particular, it will take more time and research to develop a practical, economically viable regenerative process for producing hydrogen – from biomass, for example – and set up a suitably wide-ranging distribution network.

F-Cell is the name given to the fuel-cell-powered version of the Mercedes-Benz A-Class, undergoing consumer testing since 2003 (left). Also since 2003, 30 Citaro fuel-cell buses like the one seen here in Madrid (left) have been operating in ten European cities.



The future to the fuel cell

Between today's internal combustion engine and tomorrow's fuel-cell propulsion lies the hybrid vehicle. The hybrid drive is a bridging technology consisting of a conventional combustion engine paired with an electric motor. The combination promises better economy than conventional engines (especially around town), combined with reasonably good performance.

Hybrid drive systems are already being tested in a wide range of prototypes, including the smart hyper, the Mercedes-Benz A-Class and M-Class hyper, the Dodge Ram Hybrid Electric Vehicle and the Mercedes-Benz Vision Grand Sports Tourer (GST), which is equipped with a new, powerful diesel hybrid drivetrain. We are also experimenting with hybrid systems in commercial vehicles – in 2003, New York city placed an order for more than 300 Orion VII hybrid buses. Since 1996, customers have tested more than 20 of these clean, fuel-efficient buses on standard U.S. transport routes. Our engineers are also working on a diesel-electric powertrain for DaimlerChrysler's world-famous, super-tough Unimog.

Realizing the full potential of the internal combustion engine

Experts agree that current drive technologies will continue to reign supreme for the next few decades. Hence the importance of optimizing their performance, in order to cut both fuel consumption and emissions as swiftly and effectively as possible.

DaimlerChrysler has made many incremental improvements to engine technology, thereby significantly increasing the fuel efficiency of our cars and commercial vehicles. Many DaimlerChrysler vehicles offer fuel-saving technologies such as advanced diesel engines, multiple displacement engines, lightweight materials and wind-cheating aerodynamics. Today's high-tech diesel engines can provide up to a 30% improvement in fuel economy and meet increasingly stringent emissions standards. The highly-regarded smart coupe and roadster are known around the world for their unprecedented combination of fuel efficiency and safety.

Consequently, the fuel consumption of Mercedes-Benz fleet cars sold in Germany, for example, has fallen by more than 27 percent since 1990. And in the American market, the Dodge Caravan received the U.S. Department of Energy's 2003 Best Fuel Economy award for the Minivan (MPV) category.

As sophisticated as modern combustion engines may be, there is always room for improvement. To maximize their potential, we need to develop new concepts that treat the entire vehicle/fuel system as an integrated whole. High-tech engines need high-tech fuels, which is why we support the development of designer fuels produced, for example, from biomass.

Economical and powerful: the Chrysler Dodge Ram pickup truck with hybrid drive (left). Drive 60 miles on just one gallon: the smart is the best-selling car in Europe's super-frugal class (right).



Global Sustainability Cooperative

In our ongoing efforts to reduce the environmental impact of our products, we are exploring new technologies and processes in research projects around the globe. For DaimlerChrysler, the ideal sustainability triangle consists of processes that are commercially profitable, environmentally responsible, and create employment in poorer parts of the world.

Germany: fuel from waste timber

At first glance, nothing special – just another filling station opening on DaimlerChrysler's Stuttgart campus. But in reality, the pump that went into operation in June 2003 marked a milestone on the road toward a zero-emission future, because it dispenses the world's first synthetic diesel, made from biomass. Tests to date indicate not only that today's engines can burn the new fuel – christened Biotrol – with no ill effects, but also that it is effectively "CO₂-neutral". Years of study will be required to corroborate these preliminary findings, evaluate the new fuel's suitability for everyday use and fine-tune its benefits, thus the opening of the Biotrol filling station marks the beginning of a long-term test phase.

Biotrol is produced under the auspices of a research project sponsored by the Federal Ministry of Economics in Freiberg, Saxony. The project was set up in September 2001 by DaimlerChrysler and CHOREN; since then, Volkswagen AG has also become a partner. And the basic raw material for the most environmentally acceptable form of diesel ever? Waste timber supplied by the forestry industry, although other biomass would be just as suitable. The process has two major advantages: first, unlike other biofuels on the market, all of the raw biomass is used. And second, it is possible to tailor the fuel for specific engine types. This is why synthetic biofuels are the ideal partner for the next generation of low-consumption, high-tech engines. Best of all, they produce fewer emissions than conventional low-sulfur diesel fuels.

India: biodiesel and conservation

The raw material for another environmentally acceptable biofuel has been growing in India since the summer of 2003. In the near future, another 30 hectares of wasteland in the marshlands of Orissa in eastern India and in the drylands of Gujarat in western India will be planted with the tropical *Jatropha Curcas* tree. The tree's oily seeds can be used to make biodiesel, which our researchers are hoping to test as a potential fuel. The project is being managed by India's Central Salt and Marine Chemicals Research Institute (CSMCRI) with support from DaimlerChrysler and Stuttgart's Hohenheim University. But sponsoring the production of fuels from renewable raw materials is only one aspect of this project. The cultivation of hardy *jatropha* trees will make good use of previously fallow land and create work and income for local communities. If the test model proves successful, the idea could then be transferred to other countries.

The synthetic biofuel Biotrol is produced from waste timber. Jürgen Hubbert (right) and Thomas Weber, both members of DaimlerChrysler's Board of Management, open the first Biotrol filling station on the company's Stuttgart campus in the summer of 2003.



Brazil: work, not want

In the early 'Nineties, Pará University in northern Brazil launched a project that was intended to protect the Amazonian rainforest while simultaneously combating poverty: POEMA, standing for Poverty and Environment in Amazonia. In DaimlerChrysler, this unusual and ambitious concept found a sponsor who believed in the vision. Over the past decade, erosion-damaged land on Marajó Island has been reforested. Where monoculture once reigned, now there is healthy, tropical mixed forest. No longer is this formerly poverty-stricken rural area being abandoned by its farmers, because the residents of Marajó now have another, more attractive option: to process coconut fibers and natural rubber into car seats and headrests for Mercedes-Benz vehicles.

From simple beginnings in 1993, when a single production center employed just eight people, an entire factory equipped with state-of-the-art technology has sprung up. POEMATEC, as it is called, now employs 5,500 people and has successfully expanded both its product range and its customer base. DaimlerChrysler continues to sponsor the project as it evolves toward full autonomy.

DaimlerChrysler has received a number of awards in recognition of its commitment to the POEMA project, most recently in January 2003, when we were presented with the Award for Corporate Citizenship in the Americas by the Organization of American States (OAS), and in October 2003, when we received the Change the World – Best Practice Award from the Club of Budapest.

Local farmers on the Brazilian island of Marajó make car seats and headrests for Mercedes-Benz vehicles out of natural rubber and coconut fibers. Left: Coconut fibers are turned into sheets of material. Right: A coconut plantation on Marajó.



South Africa: sisal for the C-Class

Since September 2000, DaimlerChrysler has been applying the lessons learned in Brazil to the production of sisal in South Africa. Two local firms are currently supplying us with the natural fiber, and by working with a South African research group we have succeeded in optimizing the entire supply chain, from farm right through to assembly line. The first natural fiber-reinforced component was included in a Mercedes-Benz C-Class car in October 2001. Since then the local sisal producers have expanded their customer base to include other automotive manufacturers and companies in other industrial sectors.

The Philippines: conserving nature, preserving jobs

Abaca fiber, from a plant indigenous to the Philippine island of Leyte, is expected to replace the glass fiber widely used in vehicle exteriors and interiors. Tests run by our research and development departments indicate that the renewable raw material actually possesses superior properties to glass fiber. Under the aegis of a public-private partnership project jointly sponsored by DaimlerChrysler, the German Investment and Development Company, Leyte State University, Hohenheim University and the environmental foundation Euronatur, abaca and various other medicinal and wild plants are being cultivated on fallow land where once lush rainforests grew. The inclusion of abaca in this "Rainforestation" concept is helping to build up the sustainable production of renewable abaca fibers, and also curtailing erosion of the slopes, which should in turn prevent further silting of the island's coastal waters. Thus the project is both an efficient contributor to biodiversity and a provider of employment for the local community.

In the future, abaca plants grown on the Philippine island of Leyte could provide a renewable alternative to glass fiber in automotive manufacturing. Left: Processing abaca fibers. Right: Abaca plants.



Third International Magdeburg Environmental Forum

In November 2003 some 300 delegates from 20 countries, including politicians, businesspeople, scientists and representatives of environmental groups, gathered in Magdeburg for the Third Environmental Forum. The international conference, which takes place every two years, was organized by DaimlerChrysler in partnership with UNEP – the United Nations Environment Program – in order to stimulate debate on topical issues relating to environmental protection and sustainability. The Forum is an ideal opportunity to propose and develop new ideas, but also to escalate and implement projects on a global scale.

The 2003 Forum produced some tangible results. Two major projects were ratified: the cultivation of jatropha trees for the production of biodiesel in India, and the utilization of abaca fiber produced in the Philippines as a substitute for glass fiber in automotive manufacturing – both projects the outcome of public-private partnerships. It was also agreed that a knowledge transfer should take place between the project in the Philippines and existing – highly successful – natural fiber projects in Brazil and South Africa. Also included on the agenda was the issue of CO₂ emissions by road vehicles. In the short term at least, synthetic bio-fuels appear to have the greatest potential for reducing these high-impact emissions.

At the Third International Magdeburg Environmental Forum 2003 (L to R): Wolfgang Böhmer, Minister President of Saxony-Anhalt; DaimlerChrysler Board Member for Research and Technology Thomas Weber; Director of UNEP Klaus Töpfer. Right: DaimlerChrysler's Chief Environment Officer, Herbert Kohler.



Moving around in safety

> Our vision: accident-free driving > Road safety initiatives



The MobileKids project helps children around the world to move through road traffic as safely as possible.

>4.



Our vision: accident-free driving

DaimlerChrysler is all about mobility – of both people and goods – and one of our key goals is to make mobility safer. As well as focusing on the safety of our vehicles, we are also involved in numerous road safety projects around the world.

Road accidents generate huge costs, both to the economy and in terms of human suffering. Which is why DaimlerChrysler believes that building safe vehicles is not merely about satisfying customers' expectations and turning out quality products. Building safe cars has considerable social significance.

Few other manufacturers invest as much in safety research as DaimlerChrysler. For the past 50 years and more, our developers have been pioneering innovations that provide ever more sophisticated protection for drivers and their passengers, as well as all other road users. For these reasons and more we were awarded the Green Cross for Safety Medal by the U.S. National Safety Council in the spring of 2004.

The whole company is united behind a single, ambitious vision: "accident-free driving". The technologies we have already developed to fulfill this vision will help to prevent many accidents, as well as minimizing the effects of unavoidable accidents on everybody concerned.

Electronic guardian angels

It's a moment all drivers experience at one time or another. You're distracted – you lose your concentration for split second – suddenly things turn nasty. Only quick reactions and the intervention of your guardian angel prevent the seemingly inevitable accident. In the future, electronic driver assistance systems could save your guardian angel a lot of work, by giving drivers fair warning of impending danger and even intervening if the circumstances demand it.

The potential technology for this already exists, in the form of optical recognition systems capable of continually monitoring the vehicle's immediate surroundings. Take our Urban Traffic Assistant, for instance, or UTA for short, which uses a video-based system to quickly and reliably detect possible risks, be they other vehicles, traffic signs or pedestrians. This mechanical guardian, actually a powerful computer, has a pair of eyes in the form of two video cameras mounted in parallel behind the windscreen.

UTA can even allay every driver's worst fear: a child popping out suddenly from between two parked cars. The computer registers the danger in a matter of milliseconds, sounds a warning and, if the driver hesitates, applies the brakes. What would happen without the computerized assistance? In the same timeframe, the driver's vision centers would only just have received the visual input from the eyes: the brain would not yet have processed these signals, so would not even have started to trigger the appropriate response.

Video-based driver assistance systems help to prevent accidents: the Urban Traffic Assistant or UTA can detect danger faster than the human eye (left). DaimlerChrysler researchers working on optical pedestrian detection systems as part of the EU's PROTECTOR project (right).



Seeing further than the naked eye

As well as identifying objects and people, computerized driver assistance systems will soon be able to see even further ahead... in space and time. While digital maps and route finders already help many drivers to navigate, research projects in Europe and the USA are adding a completely new layer of functionality to these instruments. By processing information on road conditions, lane blockages and road signs, they can give the driver timely warning of any problems – if, for example, he attempts to take a corner too fast in fog, or is about to encounter concealed roadworks. Enhanced digital mapping systems not only enable vehicles to navigate, but also regulate their driving behavior according to road conditions – day or night, in any weather or visibility.

Well protected

In the future, your vehicle's powers of prediction will be enhanced even further. The sensors in the vehicle's ABS, ESP and powered braking systems send a constant flow of information on driving conditions back to the car's electronic brain. The new PreSafe system, currently available on Mercedes-Benz S-Class models, is capable of using this data to protect passengers efficiently in the event of an accident. PreSafe detects potential accidents as they start to happen – as the car starts to skid while braking or traveling on a slippery road, for example – and preemptively activates the vehicle's safety mechanisms. The driver and passenger seatbelts tighten, seats move into a position that minimizes the risk of injury in a crash, and the sunroof closes. Once the danger is past, PreSafe returns all the activated systems to their original settings.

You can find detailed information on our many road safety initiatives at www.daimlerchrysler.com > Innovation > Accident-free Driving

In the future, digital mapping systems won't just show you the way to go – they'll alert you to pedestrian crossings and street signs (left). Preemptive safety systems react to accidents as they start to happen: PreSafe tightens seatbelts in the early stages of a skid (center).



Road safety initiatives

Our commitment to road safety doesn't stop with our vehicles. We support a wide variety of initiatives for promoting prudent driving, so that all road users can move through traffic as safely as possible.

MobileKids

In 2001, DaimlerChrysler launched an international campaign to improve children's road safety awareness. MobileKids targets children between eight and twelve years of age in particular, showing them how to behave sensibly in traffic and helping them to develop their intuition. The campaign uses a three-pronged approach: TV commercials featuring international stars, a TV cartoon series and a web site that has already won a number of awards. In Mokitown, a virtual town on the world-wide web, kids from all around the world can get together in real time to experiment, play and chat. Road safety themes are built into the games and can be replayed again and again.

MobileKids also features regional campaigns. For example, as part of the 2003 Mercedes-Benz MobileKids Tour of Germany, 560 school classes took part in the competition to find "Germany's safest class". Pupils from Saxony-Anhalt took the prize after proving how well they could cope with typical traffic hazards.

>> www.mobilekids.net

Increasing road safety worldwide

Launched by the World Bank in 1999 and actively supported by DaimlerChrysler, the Global Road Safety Partnership (GRSP) aims to improve road safety in poor and developing countries. In a worldwide partnership that unites businesses, government organizations and community groups, the GRSP initiative hopes to reduce the human suffering and financial burden associated with traffic accidents. Once again, children are the focus. Awareness campaigns, events, web sites and TV promotions are used to explain road hazards. DaimlerChrysler's main involvement is in Poland, Hungary, Romania, Thailand and South Africa.

>> www.GRSPRoadsafety.org

Safety is all about caution and common sense, both of which are taught on the Mercedes-Benz MobileKids Tour. Children compete to roll giant balls up a narrow ramp, a task requiring coordination and anticipation (left). With a computer's help, young MobileKids visitors have fun learning the rules of the road in these giant "sense-balls".



Safety testing for child car seats

Even the best child car seat can be useless if it is not fitted correctly. In 1999, research in the USA revealed that 80 percent of child safety seats were fitted incorrectly, even though 97 percent of the parents surveyed believed they had installed them without making any mistakes. Which is why DaimlerChrysler, together with the National Safety Council, launched Fit for a Kid. This campaign provides a hotline which parents can call to find a local car dealership that will check that their child seat is fitted properly, free of charge. The response to the campaign has been so positive that hundreds of Chrysler, Dodge and Jeep dealerships in the USA and Canada now offer this free, by appointment. Fit for a Kid is also helping parents in Europe to improve the in-car safety of their children and has attracted considerable interest in Poland and elsewhere since its inception in 2001.

>> www.fitforakid.org

In 2000, DaimlerChrysler launched the Seatcheck program to improve consumer access to the latest information on in-car child safety and child safety seat installation. The consumer education program consists of a free phone number (+1-866-SEAT-CHECK) and a website (www.seat-check.org), both offering access to the U.S. government's comprehensive list of locations in the USA - ranging from police stations to car dealers - that will inspect child car seats free of charge. Over the last few years, DaimlerChrysler has worked with government departments, NGOs, other companies and its dealers to make child safety seat inspections more accessible to a wider public.

Road Ready Teens

Inexperienced drivers are particularly accident-prone. To lend new license holders a helping hand as they launch themselves onto the roads, the Chrysler Group has teamed up with leading U.S. road safety organizations - including the National Safety Council (NSC) and Mothers Against Drunk Driving (MADD) - to launch Road Ready Teens, a campaign built upon a systematic research program. The initiative helps the parents of young, recently qualified drivers to prepare their teenagers more effectively for road traffic hazards. According to research figures, the initiative can reduce risk to the target group by almost one third. In October 2003, the campaign released the video game Road Ready StreetWise, and also published a New Driver's Guide.

>> www.roadreadyteens.org

Thanks to the Fit for a Kid campaign, parents can make sure their child car seats are properly installed (left). Computer programs help young car drivers learn how to behave in traffic (center). The Road Ready Teens initiative supports inexperienced drivers and their parents (right).



An international team of researchers, engineers and designers conceived and produced the F500 Mind research vehicle.



>5.

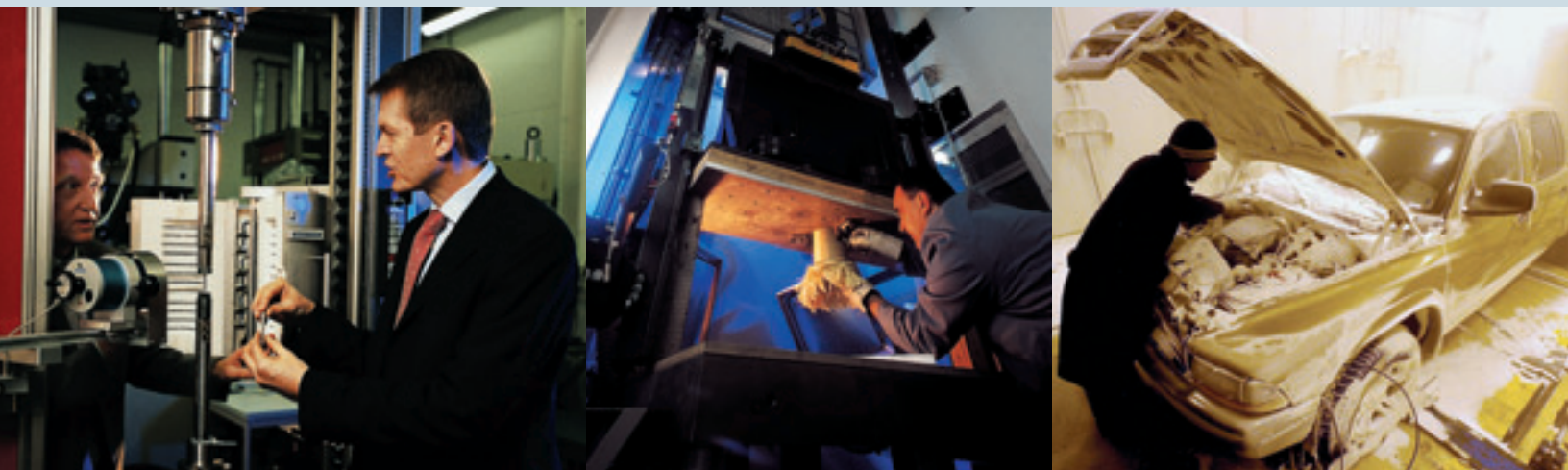


Turning visions into reality

> Research driven by innovation

Research driven by innovation

Thanks to groundbreaking technological achievements, DaimlerChrysler has long been a leader in the automotive industry. In our research centers around the world, some 2,900 specialists are busy producing the innovative solutions that will keep us all mobile in the future. Often they work closely with local universities and scientific institutions, and the skilled jobs we create help to drive economic growth.



Cutting-edge technology is based on intensive research. Head of Research and Technology Thomas Weber checks out work in progress (left).

At DaimlerChrysler's research center in Ulm, drop tests are used to check the strength of fiber-reinforced plastics (center). Almost any kind of weather and climate can be simulated in the controlled-climate rooms at the DaimlerChrysler Technology Center in the USA.

Each year, DaimlerChrysler spends just under six billion euros on research and development to maintain its global leadership in innovation. We employ 1,900 researchers in our laboratories, working on projects for all our business sectors and brands. Another 1,000 researchers – most of them graduates, undergraduates and trainees – are working on ideas for future developments. In total, we employ nearly 24,000 people in research and development.

For DaimlerChrysler, innovation is a key means of safeguarding the company's technological advantage. Put simply, innovation secures the future of our corporation. However, a given innovation is only fit for use in the future if, in addition to fulfilling a market need, it also takes account of long-term social considerations. Thus as we develop our ideas for the vehicles of tomorrow, we also think very carefully about what needs to be done to create "sustainable mobility" today.

Starting from these principles, our research departments focus on three key areas in particular: new propulsion technologies (cf. page 28), electronic systems for enhancing road safety (cf. page 36)

and vehicle concepts for the future. They also make important contributions at the manufacturing level, by developing low-impact, resource-efficient products and production processes.

Scientific partnerships

We have pooled the knowledge and creativity which drive our technological leadership in 16 research centers in Europe, North America and Asia. Many of them also play an important role in regional development. In Bangalore, for example, DaimlerChrysler Research and Technology India (DCRTI) offers challenging careers to university graduates, and students at Indian universities are given the opportunity to work there as interns. We have also sponsored the chair in Automotive IT at the Indian Institute of Information Technology in Bangalore. We are now providing support for a newly opened laboratory at the Institute, which specializes in areas of information technology that are relevant to our activities.

Our efforts to forge collaborative relationships with scientific institutions extend around the world. The DaimlerChrysler Automotive Research and Development Center (ARDC) in Windsor, Canada, works closely with the local university: while half of the 200-



At Dresden Technical University's E/E Architecture Competence Center, students use test vehicle "August" to advance their understanding of mechatronic systems (left). DaimlerChrysler researchers at Berlin-Marienfelde are interested in the human factor: eye-blink duration and frequency are a useful indicator of driver fatigue (right). The resulting data could be used in early warning systems.

strong research team at ARDC is comprised of DaimlerChrysler staff, the other half is made up of academics and students from the University of Windsor.

In 2003, in Dresden, DaimlerChrysler set up the E/E Architecture Competence Center in partnership with the city's Technical University. The aim of this joint venture – without precedent in Germany – is to develop innovative electronic systems for vehicles. At the same time it will provide education and further training for skilled specialists. The opening of the center strengthens Dresden's position as a business and research hub.

All these research laboratories are tightly networked with our production sites around the world. This speeds up the communication and implementation of ideas and creates highly skilled jobs in the many countries in which we have a presence.

A guiding force for future mobility

Growing individualism, an aging population, diminishing oil reserves... in the face of these trends, how will we live, work and travel in the future? DaimlerChrysler's Society and Technology Research Group is concerned with precisely these questions. Some 60 employees work at this think-tank, which along with headquarters in Berlin also has laboratories in Kyoto (Japan) and in California's Palo Alto. Here engineers work closely with psychologists, economists with communications experts, town planners with physicists and historians. Many of them are expert in more than one field. Their common goal is to approach contemporary issues from an unbiased perspective, to formulate plausible future scenarios and draw up lists of corresponding options. Key to the success of this future research is openness to new ideas, combined with the courage to think laterally.

> 6.



15 Mercedes-Benz Vaneo minivans, donated by DaimlerChrysler, attracted plenty of attention in their role as „art taxis“. Here Karl Pross of Mercedes-Benz Austria (left) poses with artists Christian Marczik (center) and Fedo Ertl (right).



Making the most of our global strengths

- > Fighting AIDS together
- > Building the future on dialogue
- > Transcending barriers through sport
- > Art holds up a mirror to culture

Fighting AIDS together

The fight against AIDS is among the greatest challenges of our time – one that DaimlerChrysler has been deeply involved in for many years now. The disease is the cause of countless personal tragedies, and at the same time devastates the social structures and economies of those countries most afflicted by it.

Around the world, over 40 million people are carrying the AIDS virus. In 2003 alone, 3 million people died of the immunodeficiency syndrome – a figure equivalent to the population of a large city. AIDS kills mothers, fathers and children, and infects babies at birth. And quite apart from the human tragedy unleashed by the virus, AIDS destroys the foundations of social cohesion in many countries, hampering economic development in the very regions that are most in need of a boost to their wealth and social stability. AIDS thus poses a threat to international security.

DaimlerChrysler is actively involved in the search for a solution to the AIDS crisis. We see the fight against HIV/AIDS as a moral duty – an integral part of our company's responsibility to society. At the same time, the fight is also necessary from an economic point of view, since AIDS hits the working population hard. Every day in Africa, corporations are losing valuable, highly trained employees to the ravages of the disease. Only by investing in the health of our workforce can we be sure that the success of our business activities will remain sustainable. Our aim is to implement the widely admired workplace campaign against AIDS run by DaimlerChrysler in South Africa in other countries as well. In fact, we have already launched a similar campaign at our facilities in Asia and Latin America.

In June 2002, the Chairman of DaimlerChrysler's Board of Management, Jürgen E. Schrempp, took up his appointment as Chairman of the Global Business Coalition on HIV/AIDS (GBC). The initiative, first launched in 1997, has brought about an alliance of international corporations eager to lend their weight to the fight against AIDS worldwide. The coalition helps to fund specific initiatives in the commercial sector and works together with individual companies and external partners to implement and enhance AIDS programs in the workplace, as well as at the local community and regional level.

Since taking up his appointment, Schrempp has made special efforts to recruit new members to the GBC. By doing so, he hopes to encourage companies to implement comprehensive workplace programs similar to those that DaimlerChrysler has developed in South Africa. Working together, Jürgen E. Schrempp and GBC President Richard Holbrooke have grown this important organization's membership to more than 130 companies.

>> www.businessfightsaids.org

U.S. President George W. Bush (right, 2nd from front) discusses the fight against HIV/AIDS in April 2003 with high-ranking representatives of businesses and organizations, including the Chairman of DaimlerChrysler's Board of Management, Jürgen E. Schrempp, in his capacity as Chairman of the GBC on HIV/AIDS (center left).



>> *Nigeria.* More than 7% of the Nigerian population is infected with the AIDS virus. The Nigerian government is working with NGOs and corporations – among them DaimlerChrysler – to stem the further spread of the epidemic. Complementing these efforts, DaimlerChrysler Nigeria has drawn up and recently launched its own action plan. By organizing educational seminars and a poster campaign, the corporation hopes to raise awareness among employees and help them to avoid infection in the first place. Plans are also in place for an advisory center near the factory. Finally, in order to obtain low-cost drugs, the company has entered into a partnership with pharmaceutical manufacturer GlaxoSmithkline.

>> *Germany.* Every year, the DaimlerChrysler German Sales Organization (DCVD) supplies high-end Mercedes-Benz vehicles for auction at the German AIDS Foundation's annual Opera Gala in Berlin. The proceeds go to the German AIDS Foundation, of which DaimlerChrysler has been a trustee for 15 years. In 2002, Jürgen E. Schrempp gave the opening address, in which he appealed to German businesses to take stronger action in the fight against AIDS. Issues surrounding HIV/AIDS are also covered by employee training programs at DaimlerChrysler AG.

>> *USA.* DaimlerChrysler supports the fight against AIDS in the United States by making sizable financial donations to AIDS organizations and other initiatives dedicated to helping and caring for AIDS carriers and sufferers. The Elizabeth Glaser Pediatric AIDS Foundation, supported by Mercedes-Benz USA, is one of America's leading organizations fighting the spread of AIDS worldwide. In response to the U.S. government's 15 billion-dollar HIV/AIDS commitment, DaimlerChrysler is exploring new opportunities for public-private partnerships to help fight HIV/AIDS in Africa.

>> *Thailand.* Prevention programs have curbed the spread of AIDS in Thailand, but the disease is still one of the country's primary causes of death. In 2003, DaimlerChrysler Thailand launched a HIV/AIDS Fund. The aim of the fund is to support the fight against AIDS by providing funding for prevention programs and helping children in particular who have been infected with the HIV virus.

DaimlerChrysler South Africa's workplace campaign provides health education for the workforce and proper medical care for employees infected with HIV (center and left). Richard Holbrooke, President and CEO of the GBC and Chairman of the UN Global Fund for AIDS, Tuberculosis and Malaria, talk to Tommy Thompson (center), U.S. Secretary of Health and Human Services and Jürgen E. Schrempp, Chairman of the GBC (right).



Building the future on dialogue

Promoting respect and tolerance between different cultures is one of the most important tasks facing us today. As a multinational corporation, we know that communication is essential if we are to live together harmoniously in a globalized world – which is why DaimlerChrysler is involved in so many projects promoting intercultural dialogue.

Mondialogo – learning to share our world

Understanding each other, learning to live together – these are the tenets of the Mondialogo initiative launched in October 2003 by DaimlerChrysler and UNESCO. Through this project the two partners aim to promote dialogue between cultures and champion mutual understanding, respect and tolerance. Mondialogo encourages young people to make contact with their peers from different parts of the world so that they can exchange ideas and work together to solve problems. The framework for this is provided by three project strands: an inter-school competition, an international sponsorship award and an Internet portal.

>> Mondialogo School Contest. The Mondialogo School Contest is aimed at pupils attending more than 4,000 secondary schools belonging to the UNESCO Associated Schools Project Network. However, other schools from any part of the world can also compete. Every school that takes part enters into a partnership with another school on a different continent. The schools then work together on a project, emphasizing dialogue. Students can think up games, compose songs, print newspapers, record videos – in fact, they have unlimited creative freedom as far as their choice of medium and form of expression is concerned. An international jury assesses the results and selects 25 partner teams that have shown particular commitment. The teams are then invited to send representatives to the International Mondialogo Symposium, which in 2004 will take place in September in Barcelona. The three best teams take home prizes for their schools worth 500, 1000 and 1500 euros respectively.

>> Mondialogo Engineering Award. The Mondialogo sponsorship award takes the form of a challenge to engineering students at over 6,000 universities in developed and developing countries. Their mission: to work together to produce ideas and solutions for sustainable developments that will improve living standards in developing countries. The scope covers food production, housing construction, waste management, mobility, communication and disaster management. Once again, an international jury judges the entries. Up to 20 teams have the opportunity to win one of the sponsorship awards on offer, each worth 15,000 euros.

>> Mondialogo Internet Portal. In both competitions, the World Wide Web serves as a central communications tool. An Internet portal has been set up at www.mondialogo.org. Here, participants can exchange ideas in a wide variety of forums; here too, they can present their ideas and projects and make new contacts worldwide. The portal also provides up-to-date information on cultural diversity issues.

The Mondialogo initiative champions intercultural understanding and respect worldwide, by encouraging students at school and university to think about the world's future and develop new models for intercultural dialogue.



Using role-play to change the world

For a week in December 2002, more than 100 students from 40 nations turned the city of Bonn into the United Nations headquarters. As participants in the first German UN Simulation Conference, they played the roles of United Nations delegates. Committees such as the UN General Assembly, the Security Council, the Commission on Human Rights and the International Court of Justice were all represented at the event.

BIMUN/SINUB is an initiative developed and run by students at the University of Bonn, with the committed support of DaimlerChrysler. The – somewhat complicated – acronym stands for “Bonn International Model United Nations / Simulation Internationale des Nations Unies de Bonn”. Every year, BIMUN/SINUB stages “simulation conferences” representing the United Nations and the European Union (EU). The aim of these conferences is to make young people more aware of the significance of these institutions, and of what they actually do.

Delegates at the Bonn conference faced a particularly difficult challenge: they each had to represent countries other than their own. Alongside a good knowledge of the country in question, a great deal of political sensitivity and understanding was required from all those taking part.

The most important lesson lay in the realization that different people can hold different opinions about the same issue for good reasons. For the organizers of the simulation conference, this was the most significant outcome, providing a strong motive for continuing

with BIMUN/SINUB in the future. In December 2003, over 130 young people from around the world once again traveled to Bonn to take part in the second BIMUN/SINUB conference. This time, the conference focused on the thorny issues associated with international law.

A UN simulation conference also took place in Stuttgart in 2003, and once again, DaimlerChrysler was the main sponsor. During the “Model United Nations Baden-Württemberg” event (MUNBW), more than 380 pupils and apprentices from Germany and many other countries debated solutions to the world’s most pressing problems over a five-day period.

Arab-American dialogue

The State of Michigan has the largest Arab immigrant population in the USA. Arab-Americans exert a significant influence on the social and commercial life of the state, and also play an important part in the USA’s dialogue with their countries of origin. DaimlerChrysler supports many Michigan-based Arab-American organizations that are helping to promote this exchange. In September 2003, for instance, we took part in the U.S.-Arab Economic Forum, which was also attended by well-known figures from the worlds of politics and business such as Secretary of State Colin Powell and the Secretary General of the Arab League, Amre Moussa. The contacts we are helping to cultivate in Michigan could have a long-term value as a platform for better understanding between Americans and their Arab neighbors.

Each year, the BIMUN/SINUB initiative stages a simulation conference representing the United Nations and the European Union. Young people from countries around the world explore the world of international politics by playing the roles of delegates and representatives.



Transcending barriers through sport

There is nothing quite like sport for bringing people together. Or for motivating them to discover their true talents and potential. These are the unifying and stimulating qualities we are striving to promote in and through sporting activities – from Atlantic sailing regattas to sports projects in Nairobi's poorest neighborhoods.

DaimlerChrysler North Atlantic Challenge

For many hundreds of years, crossing the Atlantic Ocean by harnessing the elements has been one of mankind's most formidable and exciting challenges. Even though today's yachts use state-of-the-art materials and technologies, spending days or weeks pitting oneself against mountainous waves, freezing temperatures and tempestuous winds still requires careful preparation, plenty of experience and exemplary teamwork.

The DaimlerChrysler North Atlantic Challenge is no exception, and in June 2003 over sixty yachts from ten countries left the American port of Newport en route for Cuxhaven and ultimately Hamburg. This extraordinary ocean regatta was held to mark the hundredth anniversary of the Hamburg Seafaring Association, which in 1905 entered a ship in the Great Ocean Race and achieved a surprising second place in the transatlantic competition. The winner of that race, the New York Yacht Club, partnered with the North German Regatta Association to organize the DaimlerChrysler North Atlantic Challenge.

For a German-American corporation with a long tradition in both the Old World and the New, this challenge was more than just a sporting event. DaimlerChrysler supported the regatta from the very beginning because, like us, it was the result of a worthwhile transatlantic relationship, in this case between passionate sailors from New York and Hamburg. Above all, however, we were convinced that the regatta would bring people together from nations on both sides of the ocean to join in fair competition and revel in an unforgettable experience.

Many DaimlerChrysler employees were interested in taking part in the race, so after a multi-stage selection process, ten members of our German and U.S. workforces were chosen to crew the vessel. To promote the regatta, DaimlerChrysler organized an exhibition in Hamburg on "Atlantic Crossings and Technology", which included a display presenting the rich history of the Group and its founding fathers in the USA and Germany.

>> www.daimlerchrysler-north-atlantic-challenge.de

Crewed by members of the DaimlerChrysler employees, the yacht King's Legend conquered wind and waves to take an impressive ninth place in the North Atlantic Challenge (left and center). The company donated a valuable reproduction of the original porcelain sculpture first awarded to the "Winner over all" at the 1905 regatta. This time the trophy went to Huntingdon Sheldon, skipper of the American yacht Zaraffa (right).



The Laureus Sport for Good Foundation

“Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does.” These are the words Nelson Mandela used at the inaugural presentation of the Laureus World Sports Awards 2000 in Monaco to explain the work of the Laureus Sport for Good Foundation, established by DaimlerChrysler and Richemont in the same year.

International in scope, the foundation currently sponsors 22 sports projects that serve to promote global understanding and facilitate the social integration of disadvantaged children and adolescents. Sport is often the one thing that offers these young people an escape route from difficult social situations, where they may be experiencing violence and discrimination. Sport helps them to discover and develop their innate abilities, experience fair play and enjoy being part of a community.

The work of the foundation is supported by the Laureus World Sports Academy, also founded by DaimlerChrysler and Richemont. Members include more than forty of the world's greatest sporting legends, including Pelé, Michael Jordan, Edwin Moses, Boris Becker and Katharina Witt. Members also provide the jury for the Laureus World Sports Awards, which annually honor top sportsmen and women from all over the world. In addition, they act as ambassadors of and advisors to the Laureus Sport for Good Foundation and help to promote foundation projects.

Projects in profile

>> *Germany.* “KICK – Sport against Juvenile Delinquency” is a Berlin initiative, which aims to prevent young offenders from re-offending by combining sport and social education. The project is supported by the Laureus Sport for Good Foundation, which also runs KICK the Ropes – the first ropes/obstacle course in Berlin, where young people can develop their physical and social skills in a unique venue. KICK on Ice is another Laureus-sponsored project, which holds a special youth session every Saturday evening at 10:00 p.m. on an ice rink in East Berlin. Since 1991 some 11,000 youngsters have taken part in the projects, and 500 have gone on to find work in sports clubs. All project participants are provided with social counseling.

>> *Kenya.* The Mathare Youth Sport Association (MYSA) uses innovative sports projects to promote a feeling of community among the people living in some of Kenya's biggest and poorest towns – on the outskirts of Nairobi – and to improve their living conditions. With the support of the Laureus Sport for Good Foundation, MYSA has organized over 14,000 young people into more than 90 active football leagues. MYSA also organizes litter collections on the streets of Mathare and runs community awareness programs about AIDS. In 2003, MYSA was nominated for the Nobel Peace Prize in recognition of its successful work.

Katherina Witt, multiple world champion in figure skating, visits the Laureus-sponsored Kick on Ice project in East Berlin, of which she is the patron (left). Edwin Moses, Olympic champion hurdler and Chairman of the Laureus World Sports Academy, trains with teenagers at the New York Inner City Games established by Arnold Schwarzenegger (right).



>> *Morocco*. In rural parts of Morocco, women's roles have changed little for many years. Women in Sport is a project that uses sport to build up the self-esteem of young women and girls, and to broaden their perspectives beyond their traditional roles. The project was set up by hurdler Nawal El Moutawakel, a member of the Laureus World Sports Academy, who in 1984 was the first Muslim woman to win an Olympic gold medal.

>> www.laureus.com

Olympian Africa

The Olympic Games are perhaps the best example of peaceful competition between peoples, which is why DaimlerChrysler has always viewed working with the International Olympic Committee (IOC) as a crucial facet of the company's sports promotion activities. In particular, both organizations are keen to promote sport in developing countries, where it can be a powerful engine for development and where the prominence acquired by outstanding sportsmen and women in international competition can have a significant positive impact on the image of their home countries. DaimlerChrysler and the IOC work together to give children and young people opportunities to try out different kinds of sport and stretch themselves in competition with others.

DaimlerChrysler is particularly committed to the Olympafrica project set up seven years ago by the President of the IOC, Juan Antonio Samaranch. The goal of the project is to provide Africa's developing countries with elementary sports facilities for children and young people, which are then handed over to local communities to manage. Since 1996 we have spent over one million euros on such projects, mainly in southern Africa, and opened 18 sports centers in countries like Angola, Uganda, Congo, Cameroon, Burundi and South Africa.

The Laureus-sponsored Women in Sport project in Morocco opens up new opportunities for women from traditional backgrounds (left). In Africa, the Olympafrica program – sponsored by DaimlerChrysler – provides training facilities for children and young people (right).



Thanks to our connections with the IOC, we have also been able to sponsor a project run by African athlete Kip Keino. The former running star has opened a primary school for orphans in the Kenyan highlands. Funded entirely by private donations, the center also provides accommodation and care for the youngsters. A cash injection from DaimlerChrysler meant that the school could build additional schoolrooms and a canteen. Since the canteen was completed in September 2002, almost 300 children have been eating their school meals there every day.

Meanwhile, the Olympic Solidarity project has become something of a tradition. DaimlerChrysler donates Mercedes vans to National Olympic Committees (NOC), which then use them as minibuses to transport budding sportsmen and women to training grounds and competitive fixtures. Since 1996 over 80 NOCs have benefited from the program.

Football stars support Kids Clinic

Around 50 lucky children got to train with the greats in the spring of 2003. All children of DaimlerChrysler employees based at our Bremen works and the local Mercedes-Benz branch office, they met the German national soccer squad at Bremen's Weser Stadium as the team prepared for their match against Serbia-Montenegro. The players answered questions and the kids then stayed on to help the team by working as ball-boys and girls. Earlier, national coach Michael Skibbe had given the children the benefits of his experience, putting them through a professional training session. The event, which thrilled the boys and girls, was organized by Kids Clinic – a modern concept for developing young talent internationally. Set up by DaimlerChrysler in 1994, during the Football World Cup in the USA, Kids Clinic has made it possible for children and young people from all over the world to train with the German soccer team.

Baseball for young people in Washington

The DaimlerChrysler Corporation Fund has partnered with the "A Greater Washington" regional initiative in a project to use sports – especially baseball – to help young people in Washington, D.C., develop athletic, educational and life skills while increasing their self-esteem. During 2002 and 2003, the baseball fields at selected grammar schools in disadvantaged neighborhoods were renovated and baseball leagues were organized. Without the program, many of these kids would not have the resources or the teachers to participate in organized sports.

Children of DaimlerChrysler employees show off their potential to German national soccer squad coach Michael Skibbe at a training camp in Bremen (left and center). The "A Greater Washington" program helps kids develop their team skills by playing baseball



Art holds a mirror up to culture

Art is both a product and a reflection of the culture in which it has its roots. Artists have always been fascinated, stimulated and inspired by the other, the unknown. This is the key to art's great potential as a unifying force, and the major reason why DaimlerChrysler sponsors all forms of art and encourages exchanges between artists from different cultures.

As an influential corporation with a global presence, DaimlerChrysler is an active contributor to social and cultural development everywhere in the world. Wherever we have a presence, we endeavor to support local arts and culture by making our own company-specific contributions.

Increased globalization is having a marked impact on mankind's cultural diversity, meaning that we are constantly obliged to reevaluate and redefine who we are and who we want to be. Artistic discourse makes an essential contribution to our reflections on our own image and nature, by reinforcing or questioning identities, or by identifying, criticizing or emphasizing social processes.

Paving the way for young artists

In many of the locations where DaimlerChrysler has an office, the company is involved in promoting art and culture. We sponsor artwork in every medium, from the fine arts through music to performance art – from film to literature. In particular, we make strenuous efforts to encourage young artists by setting up special programs designed to smooth the way to international recognition.

We have been involved with the Gustav Mahler Youth Orchestra since 1994. Set up in 1986 with the aim of developing young, gifted musicians from the former Eastern Bloc countries, the orchestra now enjoys the direct patronage of the European Council and has expanded to include young people from across the whole of Europe.

DaimlerChrysler Italia has been supporting the New Opera Festival in Rome since 2000 by funding an annual scholarship program that brings together talented young musicians from all over the world. The musicians spend two months together in the Eternal City learning and rehearsing operatic works, which they subsequently perform at the Festival.

DaimlerChrysler has been a partner of Dresden's Semper Opera since 1998. In addition to our support for the biennial opera festival, we recently sponsored a new production of Richard Wagner's Ring Cycle. We have also contributed to the "Alles Oper" (Nothing but Opera) project, which gives young musicians a taste for stage performance by running a series of workshops that each lasts several days.

An orchestra can provide an excellent example of teamwork and creativity for children of all ages. In Indianapolis the DaimlerChrysler Corporation Fund supports the Indianapolis Symphony Orchestra's Young People's Discovery Concerts, at which third through sixth graders are introduced to live classical music. The program culminates with the performance, but begins in the classroom. Approximately 30,000 schoolchildren from 250 schools in Indiana took part in 2003.

DaimlerChrysler attaches special importance to encouraging young artists. For ten years the company has sponsored the Gustav Mahler Youth Orchestra in Europe (center and left). DaimlerChrysler also sponsors the New Opera Festival scholarship program in Rome, an annual event bringing together talented young musicians from all over the world (right).



1,300 works of art – the DaimlerChrysler Collection

In 1977 Daimler-Benz AG set up an art collection in Stuttgart, which has since become one of the most important corporate collections in the world. The DaimlerChrysler Collection now includes nearly 1,300 works by some 300 artists, reflecting the key developments in abstract art during the 20th century. Starting with groups of works from the southern German Concrete and Constructivist Art movements, the collection has become increasingly international in flavor – just like DaimlerChrysler. This development is embodied in commissioned pieces like Andy Warhol's "Cars" series, and by recently acquired examples of contemporary multimedia art.

The Collection is constantly being expanded, and papers are regularly published on the new additions. We make the collection accessible to the international public at exhibitions accompanied by learning activities. Individual works are displayed on a rotating basis at our Stuttgart-Möhringen and New York offices, for employees and Board members to enjoy. Part of the collection is also on permanent public display at our gallery in Haus Huth on Berlin's Potsdamer Platz, and between 2003 and 2006 a significant portion of the collection is traveling on a world tour entitled "60 years – 100 points of view", during which it will be exhibited in major public galleries and museums in Germany, America, South Africa and Asia.

>> www.collection.daimlerchrysler.com

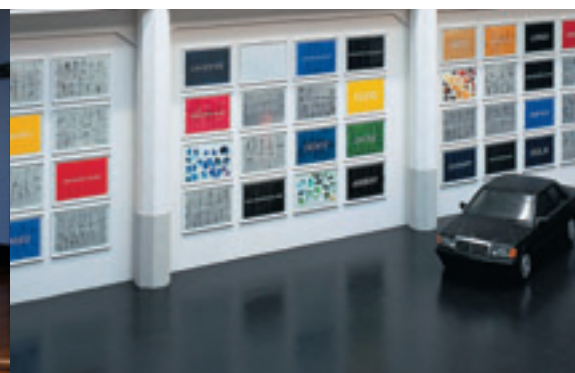
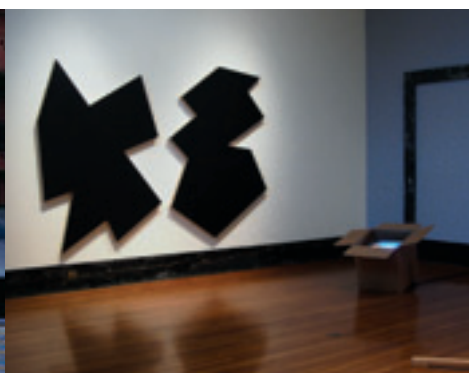
Building strong foundations

In a number of countries, DaimlerChrysler has set up foundations as focal points for the company's sponsorship activities. Foundations are a more efficient way of organizing long-term projects in particular. The prestigious DaimlerChrysler Corporation Fund (cf. page 60) is a particularly famous example. Set up in 1953 in the USA, the foundation formerly known as the Chrysler Fund dedicates a significant proportion of its activities to providing support for the arts.

The Fondation DaimlerChrysler France has been supporting young musicians, artists and theater performers since 1986, but also promotes intercultural exchange between Germany and France, as well as between France and the USA. For ten years the foundation has been a partner of the Festival d'Automne in Paris (a festival of modern theater) and also helps to sponsor opera in Paris, Lyon, Lille and Bordeaux.

The DaimlerChrysler Foundation in Japan is also dedicated to arts promotion. Each year, under the auspices of its Art Scope project, a scholarship is awarded to one exceptional young Japanese artist. The winner is invited to live and work in a European city for several months as "Artist in Residence". The artists are given the opportunity to exhibit their works in Europe and again upon their return to Japan, when a solo exhibition is organized for them in Tokyo. In 2003 the foundation also hosted a joint exhibition showcasing works by all twelve of its alumni.

The DaimlerChrysler collection is one of the most significant corporate art collections in the world. Works in the collection include Jeff Koons's Balloon Flower sculpture in Berlin's Potsdamer Platz (left); Imi Knoebel's Zwilling (center) and the 60 Name Water Colors by Simone Westerwinter (right).



Following in Goethe's footsteps

During his travels in Italy, Johann Wolfgang von Goethe took lodgings in the heart of Rome, at 18 Via del Corso. In 1990, DaimlerChrysler helped the Arbeitskreis selbstständiger Kulturinstitute (Working Group of Independent Cultural Institutions) to buy the celebrated apartment. Since 1998, the Casa di Goethe has offered scholars the opportunity to spend three to six months pursuing their own academic or artistic studies in one of the most fascinating cities on Earth. We support this scholarship program not least because it perpetuates the long tradition of intercultural exchange between Italy and Germany. In March 2003 the Casa di Goethe marked the fifth anniversary of the DaimlerChrysler scholarship by inviting all its former scholars to a presentation at the German Literature Archive in Marbach, where they reviewed the academic achievements of the past five years.

>> www.casadigoethe.it

Projects in profile

>> *Outstanding arts sponsorship.* In November 2003 the Detroit Institute of Arts (DIA) presented DaimlerChrysler with their Lifetime Service Award in recognition of the company's long-term commitment to the DIA. In recent years the DaimlerChrysler Corporation Fund has sponsored a number of exhibitions on a variety of subjects, including *Vincent van Gogh Face to Face*, *Angels of the Vatican*, *Splendors of Ancient Egypt* and most recently, an exhibition on French painter and sculptor Edgar Degas.

>> *Musical relaxation, ecclesiastical recovery.* In 2003, DaimlerChrysler Italia acted for the second time as official partner to the Festival Internazionale di Musica e Arte Sacra in Rome. This year's high point was a performance of Joseph Haydn's *Creation* by the Vienna Philharmonic in the Basilica S. Paolo fuori le Mura. Income from the festival contributes to the restoration of Rome's many churches – thus the proceeds of the 2002 festival, for example, helped with the renovation of the Capella Santo Stefano in the Basilica.

>> *Language teaching on the road.* For the past four years DaimlerChrysler and the Robert Bosch Foundation have jointly sponsored the DeutschMobil campaign. So in 2003, six Mercedes-Benz Vito vans once again traveled through France with young German teachers at the wheel, promoting German as the foreign language to learn in elementary and secondary schools. The project was awarded the Adenauer-de Gaulle Prize in the same year.

DaimlerChrysler scholars staying at the Casa di Goethe in Rome enjoy access to an exceptionally well-stocked library (left). The Vienna Philharmonic plays at the Festival Internazionale di Musica e Arte Sacra in Rome's Basilica S. Paolo fuori le Mura (center). DeutschMobil: Mercedes-Benz Vito vans take the German language on tour in France.



>> *Europe in concert.* Istanbul, Palermo, Lisbon – every year, with DaimlerChrysler's assistance, the Berlin Philharmonic organize one of their prestigious May Day concerts in a different European city. Established back in 1990 in the name of European integration, these annual concerts are now enjoyed by many millions of classical music lovers via live TV and radio broadcasts right across Europe. In 2004 the concert will be hosted by the Olympic city of Athens.

>> *Transatlantic concert.* In 2003, the John F. Kennedy Center for the Performing Arts in Washington, D.C., was the site of a memorable musical and geopolitical event, presented by the Berlin Philharmonic and sponsored by DaimlerChrysler. Sir Simon Rattle conducted the world-famous orchestra to its usual exceptional standard, bringing the international audience to its feet. After the concert, German Foreign Minister Joschka Fischer and the German Embassy hosted a truly transatlantic reception, bringing together the Philharmonic performers and some of Washington's most passionate music lovers.

>> *Taxi art.* A classic example of innovation, appropriately enough in Graz, voted European City of Culture in 2003. 15 Mercedes-Benz Vaneos, donated by DaimlerChrysler, operated as a perfectly conventional taxi service – except that they had been transformed into "Kunsttaxis" (art taxis), complete with avant-garde paintwork and an unusual secondary role to play. On a set of monitors inside each mobile gallery, passengers could watch video art composed by 50 artists.

>> *Chrysler cars as stars of the silver screen.* In the spring of 2003, the largest ever exhibition of hyperrealistic art took place in Rome, with substantial assistance from DaimlerChrysler. An entire room was dedicated to Chrysler models dating from the 50's and 60's – still an iconic subject for lovers of hyperrealism.

>> *Polish Oscars for Roman Polanski.* Winner of no less than eight "Eagles" for, among other things, Best Director and Best Screenplay, Roman Polanski's film *The Pianist* was the big winner at the 2003 Polish Film Awards. DaimlerChrysler has been sponsoring the annual awards since 2001. The company is now the main patron of the award winners selection process.

>> *Vienna Philharmonic in Taiwan.* The Mercedes-Benz Classical Music Festival 2003 in Taiwan brought a host of international music stars together on one stage, including the Vienna Philharmonic, tenor Jose Carreras, pianist Yundi Li and cellist Yo-Yo Ma.

This year, the Berlin Philharmonic and DaimlerChrysler organized the annual May Day concert in Lisbon's magnificent Hieronymus monastery (left). Brian Glowiak, Vice President of DaimlerChrysler Corporation Fund, guides students around the Degas exhibition in Detroit (center). Cellist David Giménez performs at the Mercedes-Benz Classical Music Festival in Taiwan.





To celebrate Chrysler minivan's 20th anniversary, DaimlerChrysler engineer David Shawe organized an extraordinary company food drive to raise 20,000 pounds of food to benefit needy families in Oakland County, Michigan.



North America

> Corporate Citizen by conviction

Corporate Citizen by conviction

DaimlerChrysler has been an active corporate citizen in North America for as long as the company has manufactured automobiles and commercial vehicles. As a „good neighbor“, our aims are twofold: to enhance life in the communities in which our 125,000 employees reside, and to help address some of the challenges confronting society as a whole.

Whether by supporting community help programs, donating needed resources or encouraging voluntary activity, DaimlerChrysler and its employees in the USA, Canada and Mexico take their social responsibilities very seriously, often making contributions above and beyond the call of duty. Following are examples DaimlerChrysler's North American citizenship activities.

The DaimlerChrysler Corporation Fund

The Chrysler Corporation Fund was set up in 1953 as a hub for the company's social activities. Now known as the DaimlerChrysler Corporation Fund, the institution has grown to include activities in the USA, Canada and Mexico and focuses on four major areas: Community Vitality, Public Policy, Future Workforce and Employee Activities.

For many years, DaimlerChrysler has enjoyed a close association with the Detroit Institute of Arts. In 2003, the DaimlerChrysler Corporation Fund helped to bring to Detroit the internationally acclaimed "Degas and the Dance" exhibit, based on the work of French artist Edgar Degas. We also backed a series of visits by 1,500 local schoolchildren, giving them a chance to appreciate Degas' fascination with classical ballet.

Each year, DaimlerChrysler celebrates Dr. Martin Luther King Jr. Day, in annual commemoration of the life of the great Civil Rights

campaigner. In 2002 and 2003, The DaimlerChrysler Corporation Fund reached out to the Dr. Martin Luther King Jr. Memorial Library in the District of Columbia and donated 20,000 dollars for the purchase of books on African-American leaders. The donations help local schoolchildren to fully explore the legacy of Dr. Martin Luther King Jr. and other African-American leaders.

For years, the DaimlerChrysler Corporation Fund has helped to finance the Faith and Politics Institute, a non-partisan, not-for-profit organization that uses the rich religious traditions of the nation as a lens through which to examine the ethical issues associated with political processes and conflicts. Every year, the Institute embarks on a Civil Rights Pilgrimage, during which politicians, corporate executives and representatives of religious communities gather in Alabama to commemorate the major landmarks of the Civil Rights movement of the 'Fifties and 'Sixties.

With DaimlerChrysler's help, in 2003 the Faith and Politics Institute was able, for the first time, to make a pilgrimage to South Africa. The event was intended to give political decision-makers an opportunity to absorb the lessons to be learned from South Africa's transition from apartheid to democracy. The travelers also visited DaimlerChrysler's facility in Pretoria. Among other things, the "pilgrims" were given a full introduction to the AIDS prevention program developed by DaimlerChrysler for its workforce (cf.

Dieter Zetsche, President of the Chrysler Group (center), presents a donation to the Detroit fire department. DaimlerChrysler's Frank Fountain and Robert Liberatore celebrate Martin Luther King Jr. Day with South African Ambassador Sheila Sisulu. Right: A delegation from the Faith and Politics Institute in Birmingham, Alabama, attends a memorial service for four girls murdered in 1963 by opponents of the Civil Rights movement.



page 46). The DaimlerChrysler-Faith and Politics partnership continued in 2004 with a historic civil rights pilgrimage to Memphis, Tennessee and Montgomery, Alabama, led by Congressman John Lewis and Senate Majority Leader Bill Frist.

Providing diverse cultural experiences is one of the ways the DaimlerChrysler Corporation Fund helps promote community vitality. The American Field Service organization is dedicated to providing international and intercultural learning experiences to students, families, schools and communities through a global volunteer partnership. DaimlerChrysler works with the American Field Service on an exchange program to provide a number of students from Metro Detroit and Germany with an opportunity to live and study in each other's countries.

Protecting and caring for our natural environment is a critical part of the DaimlerChrysler Corporation Fund's public policy commitment. From Michigan to Virginia to New Mexico, the Fund supports organizations that preserve pristine settings and revitalize threatened landscapes. For example, the DaimlerChrysler Corporation Fund supports NASCAR driver Ward Burton's Wildlife Foundation, which has purchased for preservation more than 2,000 acres of property on the Staunton River in South Central Virginia and has plans to expand into other U.S. regions. Other environmental projects of the Fund include the preservation of Michigan's

Lake Superior shoreline and Washington, D.C.'s Anacostia River. Supporting education has always been a core mission of the DaimlerChrysler Corporation Fund. The Fund makes grants to numerous universities and scholarship programs, specifically in support of employees' higher education institutions and students in need. To benefit students attending Historically Black Colleges and Universities, the DCC Fund donates more than 150,000 dollars annually to national radio personality Tom Joyner's Foundation.

DaimlerChrysler's manufacturing facility in Newark, Delaware, home of the Dodge Durango, is a leading example of how DaimlerChrysler behaves as an active member of its local communities. Over the past five years, the DaimlerChrysler Corporation Fund and the plant have donated more than 700,000 dollars to Delaware's cultural, educational and health organizations, such as the Delaware Symphony Orchestra, Special Olympics, the Multiple Sclerosis Society and the University of Delaware.

DaimlerChrysler is the main sponsor of the Bright Beginnings Development Center, a day care facility for homeless children in Washington (left).

First Lady Laura Bush greets schoolchildren at a celebration of Martin Luther King Jr. Day in Washington, D.C., sponsored by DaimlerChrysler.

U.S. Secretary of Commerce Donald Evans addresses employees of Mercedes-Benz US International (MBUSI) in Alabama.



Active citizenship in Mexico and Canada

In Mexico, where DaimlerChrysler manufactures several vehicles, the DCC Fund's community focus is on health care and medical support. For example, we helped to build – and continue to sponsor – Mexico's Atizapan hospital after the violent earthquake of 1985, and swiftly extended our financial support to assist other hospitals like the Federica Gómez Santos children's hospital in Saltillo and the Balbuena General Hospital in Mexico City.

With three partner companies, DaimlerChrysler also makes sure that the residents of the Mexican province of Coahuila can buy fresh milk at a low price. The four companies subsidize 50 cents in the price of each liter of milk. This means that people aren't obliged to buy powdered milk, which must then be mixed with expensive and less nutritious water.

For many years, DaimlerChrysler Canada has partnered with MOMEDIA (Motivational Media Assemblies), an organization producing high-energy, high-impact English and French videos that are shown to students at over 2,000 Canadian high-school assemblies each year. The videos, which include celebrity guests and MADD Canada victim testimonials, take an intelligent, thought-provoking look at teens and drugs, drinking and driving.

Among its commitments in Canada, Mercedes-Benz is helping children with cancer by sponsoring Camp Oochigeas. At this summer camp, young patients can take part in a broad range of leisure activities, secure in the knowledge that the camp is fully

equipped to meet their medical needs. To raise additional funds for the project, small furry teddy bears are sold at Mercedes-Benz marketing events around the country.

Good neighbors

Stretching from the Atlantic to the Pacific, DaimlerChrysler's Mercedes-Benz USA, Mercedes-Benz U.S. International, DaimlerChrysler Services, Freightliner and other business units have made the commitment to be active citizens within their local communities.

In 2003, Mercedes-Benz USA entered into a long-term partnership with New York City's Automotive High School (AHS). By sponsoring training courses on design and robot technology in particular, we are hoping to improve the career prospects of the 700 or so students at the high school who are preparing to work in the automotive sector. In specially built Mercedes-Benz "Auto Shops", AHS students can apply their newly acquired skills in practical scenarios using Mercedes-Benz products.

Through the annual Mercedes Dealer Championships amateur golf program, Mercedes-Benz USA has helped to raise over 2.5 million dollars in support of the American Heart Association (AHA). Proceeds from the 187-tournament program, which last year involved 175 Mercedes-Benz dealers across the country and more than 15,000 players, are donated to the AHA.

Joe Torre, Manager of the New York Yankees (left), and CEO of Mercedes-Benz USA Paul Halata (right), present a check for more than US\$ 860,000 to the Chairman of the American Heart Association, Larry Sadwin (center). The "Ride of Pride" truck was customized by employees at our North Carolina works. MBUSA donated 15 Mercedes-Benz M-Class SUVs to schools (here: Bergen County Technical High School) for training aspiring young engineers.



Since setting up an office in Tuscaloosa County, Alabama, Mercedes-Benz U.S. International (MBUSI) has played an active role in the community. In Alabama, some 700,000 residents do not own a car. This can cause real problems for families with sick children who need to travel to surgeries, hospitals or other therapy centers. In response, MBUSI helped to mobilize the Kid One Transport System. We supplied five vehicles to Kid One and continue to sponsor the not-for-profit organization, which has made more than 19,000 journeys on behalf of more than 1,500 children since 1997.

In collaboration with Alabama's Department of Education and Alabama Industrial Development Training, MBUSI has launched a three-year high-school training program for future automotive engineers. The first academic year started in August 2003, with practical and theoretical sessions taking place on the actual Mercedes-Benz works site at Tuscaloosa. In the course of the (fully accredited) training program, the young people become familiar with the key aspects of automotive manufacturing.

Apart from providing essential financial support, DaimlerChrysler continuously explores new ways to help our communities by building innovative private and public sector partnerships, transferring knowledge and skill sets. As a leading finance company, DaimlerChrysler Services advances educational efforts by developing entrepreneurial and financial management skills. In 2003, Chicago served as the launch pad for BusinessKids. DaimlerChrysler

Services provided 15,000 dollars to teach African-American fifth-graders how to run and market a business. BusinessKids represents one of many initiatives to secure positive social change in the long term.

The Freightliner Group and its employees proudly support and participate in the annual Rolling Thunder National Ride for Freedom, which commemorates our nation's veterans, MIAs and POWs. Some 300 veteran supporters and employees of the Cleveland, North Carolina Truck Manufacturing Plant take part in a 400-mile motorcycle journey over Memorial Day Weekend to join over 25,000 other motorcyclists in the nation's capital. The parade is led each year by a custom-made Freightliner Columbia model truck, nicknamed "Ride of Pride". The truck is built and decorated by volunteer employees in their own time.

Habitat for Humanity: DaimlerChrysler employees in Portland build houses for the poor and needy (left). DaimlerChrysler donates medical equipment and drugs to hospitals in Mexico (center). Jeans Day, an initiative organized by Luke Siedleciczka and Vince Agostino, was a charity event arranged by the Chrysler Financial in Toronto: for a small donation on behalf of multiple sclerosis sufferers, employees were allowed to wear jeans for a whole day.



> 8.



STAR CARE, the charity set up as a direct result of an initiative by DaimlerChrysler employees, transports European specialties to Stuttgart and uses the income to sponsor children's aid projects in the region.

Western Europe

> Small steps make a big difference



Small steps make a big difference

The motto “helping where help is needed most” best sums up our charitable commitments in Western Europe during 2002 and 2003. We were also involved in a variety of activities to mark the European Year of People with Disabilities.

DaimlerChrysler responded swiftly with aid for flood victims in eastern Germany: Friedrich Rublaender, Head of the Global Services Team, traveled to the scene with specially trained mechanics and a mobile workshop (left). Andreas Reschke and Ike Blauhuth, employees of MTU in Ludwigsfelde (right), worked tirelessly in support of the disaster relief organization THW in Wittenberg.



Help after the great flood

When the River Elbe and its tributaries burst their banks in August 2002, large tracts of eastern Germany were swamped by flooding on a scale never previously experienced. Roads were transformed into raging torrents; whole houses were swept away, bridges torn from their foundations. Thousands of people had to be evacuated, with many returning only to discover that they had lost all their worldly possessions.

However, something positive did emerge from this millennial flood – the victims were able to appreciate for themselves just how much communal solidarity can achieve. Countless volunteers from every part of Germany, among them many DaimlerChrysler employees, flocked to “do their part”, piling up sand bags and distributing emergency supplies.

The corporation reacted immediately to the distressing TV footage of the disaster areas. With the agreement and participation of the Central Works Council, the company set up a relief fund named DaimlerChrysler Hochwasserhilfe e.V. (DaimlerChrysler Flood Relief), and made an initial contribution of one million euros toward the costs of reconstruction. Employee donations swiftly increased this amount to 1.2 million euros.

Over 40 projects in nine severely affected areas were launched with the help of the fund. Money was made available for the rebuilding of nurseries, schools, cultural and sporting facilities, hospitals and old people’s homes. More funding was provided to an environmental project for the regeneration of the Goitzsche nature reserve, which was completely destroyed by the flood. A proportion of the money donated was used as emergency aid for families in serious trouble; other donations were used to fund jobs in infrastructure projects. Following severe flood damage, the former concentration camp of Theresienstadt in the Czech Republic also received aid.

Over and above the relief fund’s activities, individual DaimlerChrysler business units also helped by bringing their own skills and resources to bear on the crisis. Sales organizations made vehicles available to aid workers, and a team of service specialists, dubbed the “Flying Doctors”, traveling in two all-terrain service vans equipped with mobile workshops, attended to rescue vehicles that had been abandoned in the flooded areas.

“Swabian pockets” and lemon-tree saplings are sold as part of the Star Care initiative, organized in Germany and Italy by DaimlerChrysler employees. The goods are transported over the Alps in trucks driven by employees (left), and the money raised goes to help children’s aid projects. The charity also regularly organizes a vintage car rally, “Star Care Miles”, to raise more funds for its good causes (right).



STAR CARE: DC employees helping children

Ask someone in Padua, Italy, what “Maultaschen” are – (answer: ravioli-style specialties from Swabia in Germany, sometimes referred to as “Swabian pockets”) – and surprisingly enough, they will probably know, thanks to the STAR CARE tour. Every year, DaimlerChrysler employees spend some of their free time driving trucks to Spain or Italy to stock up on Mediterranean delicacies, which are then sold back in Stuttgart to raise money for children’s charities. It was all a one-way affair until 2003, when, for the first time, the tour raised funds at both ends of their journey by selling kilos of “Swabian pockets” – hand-made by a team of volunteers – in the marketplace in Padua, along with other Swabian specialties. The money raised was donated to help children suffering from cancer in the northern Italian town. On the way back to Germany the trucks carried 23,000 bottles of wine, 1,000 olive and lemon saplings, 200 kilos of Parmesan cheese and much more.

DaimlerChrysler colleagues in Germany snapped it all up in very short order, and the income was donated to a number of charities.

The STAR CARE tour was launched by DaimlerChrysler employees at our Untertürkheim works six years ago. In 1999, they founded the charity STAR CARE, which organizes campaigns to raise money for social initiatives for the benefit of children. Over and above the annual STAR CARE tour, the charity regularly organizes STAR CARE night, a charity evening with top-quality performers, as well as a vintage car rally, STAR CARE miles.

In 2003, STAR CARE organized a very special campaign to mark the European Year of People with Disabilities. In the summer, 3,000 disabled and non-disabled children were invited to the Wilhelma animal park in Stuttgart for a special children’s day dubbed “KiWi”. Accompanied by zookeepers, the young guests were given the opportunity to pet and cuddle animals which visitors are not normally allowed to touch, while clowns and jugglers strolled round the park providing plenty of extra entertainment. In the meantime, the influence of the STAR CARE concept has extended beyond the Stuttgart region to Hamburg and Würth, where other plants have joined the charity and are launching their own campaigns.

>> www.starcare.de

At DaimlerChrysler's invitation, disabled teenagers visit the Paris Motor Show in 2003 (left and right). Center: By visiting a special information bus, DaimlerChrysler employees in Sindelfingen can find out at first hand – directly from colleagues – just what it's like to cope with disability and how disabled employees are integrated into the workplace.



Supporting people with disabilities

DaimlerChrysler is very conscious of another important social duty: to ensure that people with disabilities are integrated into the company and supported as they progress in their careers. Over the past few years, the proportion of disabled employees in our German workforce has steadily risen: at present it is well above the mandatory 5% minimum quota. In 2002, in consultation with the Central Works Council and disabled employee representatives, we drew up an integration agreement. The agreement includes guidelines on the employment of people with disabilities, with the key objective of ensuring that workplaces for disabled people are configured in such a way that they can be as productive as other employees. To achieve this goal, solutions must be tailored to each individual case.

The European Year of People with Disabilities was an ideal opportunity to engage in debate with our disabled employees, triggering an exchange of ideas within the company on the best solutions for our various operations. We are in the process of putting together a best-practice database to gather all existing information in one place and make it more accessible.

Our support for disabled people is not confined to our in-house activities, however. All over Europe we actively sponsor facilities and initiatives for disabled people in the vicinity of our various factories and offices. In particular, we make special efforts to assist small charities and self-help groups. They do excellent work, often relying on volunteers, but rarely receive any formal subsidies from the state. In 2003 we made contributions worth more than four million euros to such workshops.

DaimlerChrysler branch offices and factories across Europe provide support for disabled people: in Sofia, a Mercedes-Benz van makes life easier for disabled travelers (left), while in Belgium the Mo.Bo Club uses two minibuses donated by DaimlerChrysler to take mentally handicapped children on holiday (center). DaimlerChrysler also sponsors Polish wheelchair athlete Bogdan Król.



Projects in profile

>> *Bulgaria.* The DaimlerChrysler Corporate Representation Office in Bulgaria presented a Mercedes-Benz Vito to the Bulgarian Ministry of Transport in May 2002. The shuttle bus will be used at the Central Station in Sofia to convey disabled travelers to their trains. Earlier, in 1998, DaimlerChrysler donated 12 Mercedes-Benz Sprinters to Bulgarian communities for the transport of disabled people.

>> *Netherlands.* Mentally handicapped teenagers and adults found out how it feels to sit behind the wheel of a powerful truck on "Truckers Day 2003", organized by DaimlerChrysler Netherlands. The eager participants climbed up into the cab, where they were accompanied by an experienced truck driver. After their drive, guests found plenty to entertain them in the varied supporting program.

>> *Belgium.* Mo.Bo is a club in Belgium which has been working to promote the integration of mentally handicapped people into society since 1963. Every year, helped by a host of volunteers, the club organizes special breaks for handicapped people and their families. DaimlerChrysler helps to fund the club and in 2002, donated two minibuses to Mo.Bo as holiday transports.

>> *Turkey.* For some time, Mercedes-Benz Turkey has been sponsoring a school for mentally handicapped children. Today, the school provides education and support to 120 children from socially disadvantaged families. The children are taught basic skills in a variety of crafts as part of their curriculum.

>> *Poland.* Bogdan Król is the Polish master of disabled runners' marathons, over all distances. DaimlerChrysler Poland has been sponsoring the wheelchair athlete since 1999: he has become a true role model for many disabled people in his homeland. In October 2003 the multi-prize-winning athlete and 1997 Paralympics competitor won the New York Marathon.

>> *Poland.* As part of its wider commitment to sports for disabled people, Mercedes-Benz sponsored the Invacare World Team Cup 2003, the leading wheelchair tennis tournament. In June 2003, 300 disabled athletes from around the world headed for the Polish resort of Sopot to take part in the event; Poland was hosting the Invacare team tournament for the first time.

The TRACECA (Transport Corridor Europe - Caucasus - Asia) aid convoy on its way to Afghanistan. The convoy consisted of 24 Mercedes-Benz vehicles, including 13 Mercedes-Benz Actros trucks.





Near and Middle East

> Aid travels swiftly over ancient roadways

Aid travels swiftly over ancient roadways

War and violence cause endless human suffering. They also destroy trade and stunt economies. In Afghanistan and the Near East, DaimlerChrysler initiatives are helping to rebuild devastated areas, strengthen democratic structures and advance the cause of peace by encouraging thoughtful dialogue.

Aid convoy opens the “New Silk Road”

On 30th September 2003, 24 days after setting out from Brussels, an imposing convoy crossed the “Bridge of Friendship” that spans the frontier between Uzbekistan and Afghanistan. The 24 trucks and support vehicles had traveled for 6000 grueling kilometers, transporting urgently needed tools and equipment to help with the reconstruction work in the Hindu Kush. The caravan – probably the largest in modern times – was helped on its way by DaimlerChrysler, under the auspices of the European Union. The convoy followed the ancient trade route known as the Silk Road, which the EU is hoping to revive under the rather less romantic designation TRACECA (Transport Corridor Europe-Caucasus-Asia). Acting as a first test drive to assess the feasibility of the project, the DaimlerChrysler truck train set a high standard.

Composed of 24 vehicles, this was the largest overland aid convoy to reach Afghanistan. Ten brand-new Mercedes-Benz Actros articulated trucks, laden with 200 tonnes of materials donated by German disaster relief organizations, formed the main body of the convoy. They were accompanied by several support vehicles, including a mobile workshop and a first-aid station. In all some 70 people traveled with the convoy: aid workers, journalists and a camera crew were driven by a carefully selected team of highly experienced DaimlerChrysler factory drivers and engineers.

Enthusiastic reception every step of the way

The route was a real test of vehicles and drivers, as they followed boulder-strewn tracks across narrow mountain passes, made their way through thick forests and crossed seemingly endless steppes. On two occasions the entire convoy had to take to the water, in order to cross the Black and Caspian Seas. Before the trip, the project team had taken care of all the detailed logistical preparations, arranging visas and travel permits, notifying diplomatic contacts and organizing overnight accommodation for the crew.

The trip was an unforgettable experience for everyone involved, exceeding all expectations. Not only was the vital equipment delivered intact and on time – the most important aim of the trip – but the journey along the “New Silk Road” also clearly demonstrated the enormous potential of this legendary but long-forgotten trade route. Wherever the DaimlerChrysler convoy stopped it received an enthusiastic welcome and generous hospitality from the local people, government representatives and even heads of state. It became very clear that local communities have a burning desire to reestablish economic relations and cultural ties with the outside world now that the Soviet era is at an end.

Up and at 'em! In early September 2003, 24 Mercedes-Benz Actros trucks and their support vehicles left Brussels and Stuttgart on the long trek to bring aid and equipment to the Hindu Kush. The TRACECA convoy followed the legendary Silk Road trade route for three and a half weeks, traversing two seas and eleven countries, including Georgia (left).



Bridge between East and West

For 2000 years the Silk Road, with its network of caravan routes crossing China and Central Asia, Turkey and the Near East, acted as a vital artery for the exchange of wares between Asia and Europe. On camels, mules and horseback, merchants brought Chinese silk, valuable ceramics and spices to the Mediterranean, returning to the Chinese Imperial Court laden with gold and silverware, incense and amber. In Europe, the legendary reputation of the ancient caravan routes was shaped by the travel journals of the Venetian explorer, Marco Polo. From his accounts it is clear that the Silk Road not only enabled trade to flourish, but also promoted peaceful relations between different peoples and cultures.

Now the European Union's TRACECA project is breathing new life into the legend. Launched in 1993, its main aim is to do away with lengthy delays at national borders and turn the old trade route back into an efficient transport corridor, to the benefit of 13 countries between the Balkans and Central Asia. DaimlerChrysler Services is coordinating the program on behalf of the EU, and a large number of associated projects are already under way in the member countries, providing help and advice on the reorganization of transport systems and the construction of logistics centers.

>> www.mercedes-benz.com/silkroad

A warm welcome at the "Bridge of Friendship" (left). For the "largest caravan of recent times", crossing the Amu Darya River was the last hurdle before reaching Afghanistan. Klaus Maier, Head of the Commercial Vehicles business unit at Mercedes-Benz, presents a symbolic picture of the aid campaign to Muhammad Ishaq Rehguzer, Governor of Balkh Province (right).



Aid for reconstruction in Afghanistan

Following decades of repression and destruction, Afghanistan now stands at a historic turning point. In light of its responsibilities as a global concern, DaimlerChrysler feels bound to offer the Afghan people the corporation's full support as they strive for peace and prosperity. Consequently, at the same time as we reestablished our traditional business links with Afghanistan, we also set up a series of social and cultural projects, all with the aim of helping the country's people to take their future into their own hands and shape it to their advantage.

An action plan was agreed between DaimlerChrysler and the President of Afghanistan, Hamid Karzai, in March 2002. Since then, in collaboration with German ministries and the German armed forces, most of the measures identified in that plan have been implemented. So now we have turned our attention to another high-priority issue: the provision of education and skills training across the region. As part of a project set up with AGEF (Association of Experts in the Fields of Migration and Development Cooperation), we have already issued certificates to fifty fully qualified mechanics and technicians, who are now working in DaimlerChrysler's five newly opened service workshops. As a temporary emergency measure, we have also set up a mobile workshop to make repairs to the many run-down vehicles that are used to distribute aid around the country, so that they can carry out their important work more efficiently.

In addition to financial support, we have also supplied a minibus to an aid program established for the benefit of war widows and orphans. Because sport is a bright, positive activity that helps to offset the harsh reality of everyday life in the Hindu Kush, we are sponsoring efforts to build up Afghanistan's national football squad, providing them with a minibus for team transport. The country's Under-18 team was invited to take part in the DaimlerChrysler Junior Cup 2004, an international youth football tournament held in Sindelfingen, Germany.

DaimlerChrysler's Head of External Affairs and Public Policy in Washington, Timothy McBride, recently joined in two visits to Afghanistan as part of a delegation from the White House. The primary goals of the visits was to raise awareness of women's rights issues. DaimlerChrysler is sponsoring a micro-credit program in the country, for the benefit of women in rural areas. The DaimlerChrysler Corporation Fund has also partnered with Georgetown University in Washington, D.C. to host a high-level Afghan-U.S. leadership conference and an Afghan student delegation program.

Looking to the future, in July 2002 we organized "Afghanistan 2010", a forum that brought together about 70 Afghan students and academics living in Germany to discuss the reconstruction and sociopolitical development of their country. The paper they produced as a result of this debate directly reflects the participants' desire to shape the future of their homeland according to the principles of personal freedom and democracy.

50 young Afghanis trained as car mechanics and engineers with DaimlerChrysler (left). As part of a program with Georgetown University, Afghan students visited Washington and met with Senator James Jeffords (standing on left) and other American political leaders (center). In March 2002, Matthias Kleinert, at the time Head of External Affairs and Public Policy, meets with Afghanistan's President Hamid Karzai in Berlin to agree an action plan (right).



Dialogue for peace in the Near East

An extraordinary meeting took place in March 2003, when delegates from Israel and Jordan convened for a Joint Economics Seminar. Organized by the Wittenberg Center for Global Ethics in collaboration with the Israeli Peres Center for Peace and the Amman Center for Peace and Development, the seminar was instigated and sponsored by DaimlerChrysler. Business and civil service representatives debated, adopted and signed the Wittenberg Declaration for Cooperation and Peace in the Middle East, which is a commitment to continue intercultural dialogue and extend it to include other parties. The Declaration is based on the premise that cooperation for mutual economic benefit can reduce regional tensions and help to bridge cultural divides. The delegates from Israel and Jordan regarded the conference as a real breakthrough, sending out encouraging signals in support of the peace process in the Near East. DaimlerChrysler has already undertaken to continue the dialogue through future events.

>> www.wcge.org

Aid for children with heart disease

For 65 Palestinian children, four letters represent a chance for new life. SACH stands for Save A Child's Heart, and is the name of the largest initiative for children with heart disease in the Third World. In 2001, the organization made it possible for these young Palestinian patients to undergo operations in either Munich or Tel Aviv at no cost to themselves or their families. SACH also regularly arranges joint further training courses in Munich for doctors from Israel and Palestine. Founded in 1995 by Israeli heart surgeon Ami Joseph Cohen, the charity has been supported by a sister organization in Germany since 2001. In January 2003 the latter teamed up with DaimlerChrysler to organize a benefit concert at the Bavarian State Opera.

>> www.saveachildsheart.com

Entered in the Golden Book: Godel Rosenberg, DaimlerChrysler Israel; Eckhard Naumann, Lord Mayor of Wittenberg; Mandy Barrak, Peres Center; Mansour Abu Rashid, Amman Center; Waldemar Hötte, Wittenberg Center. Seated: Josef Schleicher, DaimlerChrysler External Affairs and Public Policy. Heart surgeon Ami Joseph Cohen (center) set up the SACH organization, thanks to which Tamer Abu Aida from the Gaza Strip was able to undergo a life-saving operation (right).



Latin America and Mexico

> Social responsibility, social sensitivity



>10.

Young gardeners: at DaimlerChrysler's plant in Juiz de Fora, young Brazilians with little or no formal education are being trained as landscape gardeners.



Social responsibility, social sensitivity

DaimlerChrysler supports a large number of social projects and initiatives in Latin America and Mexico. But in Argentina, the main focus has been on the country's political past, as an independent commission of inquiry cleared the company of wrongdoing in the face of unsubstantiated allegations.

Argentina: report of independent inquiry

Businesses are inextricably bound up with the sociopolitical structures of the countries in which they operate. No company can liberate itself completely from these relationships – and in the normal way of things, would not wish to. But things become difficult if a repressive regime comes to power, as happened in Argentina in 1976. In 2002, DaimlerChrysler asked an independent commission of inquiry to investigate events which took place at its Argentine subsidiary at the time of the military dictatorship. The request was a response to accusations made against the company following press reports which claimed that Mercedes-Benz Argentina S.A. had been implicated in the abduction of members of its own workforce by the state.

At the request of the Works Council, and following a suggestion by human rights organization Amnesty International, well-known Professor of International Law Dr. Christian Tomuschat was asked to head up the commission. Together with his team, he spent a year carrying out research work in Argentina and in DaimlerChrysler's Stuttgart archives, as well as interviewing witnesses to the events of the period. The commission presented its final report in December 2003. In short: the allegations against our subsidiary could not be substantiated.

Earlier, in the course of its own internal investigations, DaimlerChrysler had found no indication of any wrongdoing by its employees. *Sub judice* lawsuits also gave no indication of any involvement. On 3rd December 2003, the public prosecutor's office in Nuremberg called off their investigation of a former employee of Mercedes-Benz Argentina.

The report submitted by the Tomuschat commission has confirmed the company's view.

>> "There is no proof whatever of the correctness of the theory that the ten MBA employees who disappeared between 1976 and 1977 (...) were abducted and murdered by state security forces at the instigation of the management of the company."

>> "There were contacts between MBA and the state secret services. The disappeared Esteban Reimer was suspected by MBA vis-a-vis the secret services of acting as an agitator(...). Reimer was put in danger in this way. However, also in his case, there is no proof of incitement to abduction and murder; nor is such incitement likely."

>> MBA was "not one of those companies which particularly benefited from the military dictatorship. The fact that MBA continued its production operations between 1976 and 1983 and also sought the custom of the government of the military junta cannot be held against the company. None of the products manufactured by MBA and purchased by the Argentinian armed forces was directly used for purposes of repression."

>> The commission finally states: "According to documents available to the commission (...) the Group headquarters in Stuttgart fundamentally refrained from interfering in the relationship between management and workforce at MBA. However, there was clear criticism (of MBA by the Group headquarters in Stuttgart) with regard to the dismissal of the 117 so-called 'activists' in October 1975."

The full report is available from DaimlerChrysler on request (please contact Ms. Mertzig-Stein on +49 (0)7 11-17-9 33 15).

On 8th December 2003, the results of the Tomuschat Commission of Inquiry were presented to the world's press. Erich Klemm, Chairman of the DaimlerChrysler World Employee Committee; Matthias Kleinert, at the time Head of External Affairs and Public Policy; Thomas Fröhlich, DaimlerChrysler Corporate Media Relations; Professor Christian Tomuschat, Head of the Commission of Inquiry; Günther Fleig, Head of Human Resources and Labor Relations at DaimlerChrysler.



Projects in profile

>> *Brazil.* DaimlerChrysler has been sponsoring the Ricardo Moysés Júnior Foundation, which helps terminally ill and socially disadvantaged children, since 1999. Employees collect food and toys for the foundation and the company has also funded the construction of a crèche.

>> *Brazil.* In 2002, Lajinha Park in Juiz de Fora gained an additional attraction when DaimlerChrysler opened an environmental education center there, primarily for the benefit of local schools. In keeping with the conservation theme, the building itself is constructed entirely of environmentally friendly materials.

>> *Mexico.* With DaimlerChrysler's support, Saltillo's Desert Museum was opened in 1999. The museum has since become north-western Mexico's most important cultural institution and makes a valuable contribution to maintaining the desert's sensitive ecosystem, organizing exhibitions and various other activities on the themes of conservation and research. The extensive paleontological collection is also made available to university researchers.

>> *Mexico.* Every year DaimlerChrysler Mexico invites its dealers, suppliers and customers to a Charity Night, during which next year's models are presented in truly celebratory style. Proceeds from the event are "matched" by the DaimlerChrysler Foundation, and the doubled funds are then paid into scholarship programs for students from poorer families. Local communities also contribute to the program. Since 1997, DaimlerChrysler has invested three million U.S. dollars in the fund.

>> *Argentina.* Once a month, employees at DaimlerChrysler's plant in González Catán come to work laden with bags bulging with food – not for their own consumption, but for donation to 38 nearby Caritas community centers. Distribution is handled by volunteers driving vehicles provided by the company. The food benefits more than 6,000 needy children and adults.

>> *Argentina.* Manos Unidos ("Joined Hands") is the name of a project in La Plata set up by the Catholic Church with financial support from DaimlerChrysler. Women from the poorer neighborhoods are given "micro-credits" and advice on starting up small businesses. Just three years after the program was launched, things are looking very positive: most of the businesses are running successfully and, in many cases, no longer require loans.

>> *Venezuela.* DaimlerChrysler Venezuela is encouraging local communities near its plant in Valencia to focus on environmental protection. An environmental management system has been set up at eleven schools, and experts from DaimlerChrysler are helping teachers to develop and use the system. Teachers and pupils also get to see behind the scenes at the Valencia plant, where they can find out more about recycling processes, waste management programs and other measures for continually improving our management of the environment. The program has reached some 37,000 people so far.

Environmental in name, environmental in nature – the Environmental Education Center opened by DaimlerChrysler in Juiz de Fora, Brazil, is a low-impact structure (left). Be afraid! Visitors can marvel at the dinosaur skeletons in Saltillo's Desert Museum in Mexico, built with the assistance of DaimlerChrysler (right).





Manfred Korfmann, Professor of Archaeology at Tübingen University, stands before the walls of ancient Troy. He is in charge of the dig, a highly successful public-private partnership project which DaimlerChrysler has been sponsoring for the past 15 years.





Central Asia and Eastern Europe

> Discovering values

Discovering values

The scope of our social activities in Eastern Europe and Central Asia is broad and diverse. But they all share one common denominator: DaimlerChrysler's firm commitment to social development in Eastern Europe, coupled with our desire to preserve cultural values.

On the trail of ancient Troy

On the shores of the Dardanelle Strait in North-West Turkey lies one of the oldest and most legendary archaeological sites of all: the city of Troy. Thanks to Homer, the name of this ancient trading port is for ever associated with the Iliad, an epic poem that tells how the Greeks besieged Troy and eventually overcame it through the cunning of Odysseus. Since Heinrich Schliemann rediscovered Troy in the 19th century, the mythic tale has inspired many an archaeologist to organize a dig at the site.

For various reasons, work on the excavation site at Hisarlik (as the area is known) languished between 1938 and 1988. This fallow period was followed by a new flowering of Trojan research, embodied in an extraordinarily successful public-private partnership. In 1988, DaimlerChrysler and the University of Tübingen embarked on a collaborative project that has lasted for 15 years. Under the leadership of Tübingen archaeologist Professor Manfred Korfmann, nearly 400 scientists from 25 countries have worked on the Trojan remains since the project's inception, and other research institutions such as the University of Cincinnati have subsequently joined the project team. The researchers have painstakingly sifted through more than 13,000 square meters of soil, layer by layer, making numerous discoveries and producing some radical work on the early history of Troy.

These scientific studies have been published – again with DaimlerChrysler's support – in a series entitled *Studia Troica*.

Thanks to this enthusiastic research work, the site has gained increasing international recognition. In 1998, UNESCO added Troy to the list of World Heritage sites. Just 12 months earlier, the Turkish government had declared the area a historic national park. Regular visits by journalists, organized by DaimlerChrysler, have kept the wider public informed of the ongoing discoveries at Troy.

This is not a research project that could have been financed by the public purse without external assistance. Initially DaimlerChrysler was the sole private sponsor, making a substantial donation worth around 700,000 euros, which covered one third of the annual project costs. Over the years, a substantial proportion of our financial contributions has been channeled into the restoration and conservation of the walls of Troy.

From the very beginning, one of DaimlerChrysler's main aims was to open Troy to visitors from all over the world. With our support, a computerized information system has been installed, as a first step toward creating an open-air museum. Further initiatives have since helped to make the excavation site and the surrounding national park more accessible to tourists.



The hilltop settlement of Troy is one of the oldest and most famous archaeological sites of all. Left: a view of the recently restored theater (Odeion). Center: an amphora measuring just under 50 centimeters in height, dating from the third millennium BC. Right: a scientist cleans human bones found on a dig at Troy.

European outlook for Poland

Poland is once again at the heart of Europe. The former Eastern Bloc country has undergone a profound transformation over the past decade, resuming its traditionally cordial relationship with the West. The integration of continental Europe is a key social issue for the people of Poland – and DaimlerChrysler actively encourages lively debate of the implications. Aware of our own responsibilities as an international corporation, we also contribute suggestions and points of view.

For example, every year we take part in the Krynica Economic Forum organized by the Warsaw Institute for Eastern Studies. Serving as the East European counterpart to the World Economic Summit in Davos, Switzerland, the forum is dedicated to promoting collaboration between the nations of central and eastern Europe in a globalized society.

First launched in 2001, the Visegrad Summer School is another annual forum that aims to promote understanding between countries in central and eastern Europe. With help from DaimlerChrysler, young people from Hungary, Poland, Slovakia and the Czech Republic convene for a fortnight at Villa Decius, a well-known cultural meeting place in Cracow. Here, they share their experiences and discuss social and cultural developments in their respective countries.

DaimlerChrysler has sponsored Villa Decius for a number of years. For example, we help the venue to organize the annual Tolerance conference, which numbers amongst its patrons such luminaries as Polish President Aleksander Kwasniewski and U.S. Ambassador to Poland Christopher Hill. In grateful acknowledgment of this collaboration, Villa Decius bestowed the title of Silver Sponsor 2002 on DaimlerChrysler Automotive Polska.

We also sponsor the annual “polen://deutschland@2014” forum organized by the Konrad Adenauer Foundation. The aim of this event is to apply a more forward-looking approach to German-Polish relations, which tend to be dominated by issues from the past. The fifth conference was held in Warsaw in 2003, and attracted decision-makers from the worlds of politics, business, academia and religion. The debate focused on the social challenges of the coming decade.



In charge of the dig, Professor Manfred Korfmann describes the layout of the town. In the background, a roof erected with DaimlerChrysler's shelters the town walls of Troy, which date back over four thousand years. Right: young people from Central and Eastern Europe have been meeting annually at the Villa Decius in Cracow since 2001. Here they spend an intensive fortnight sharing experiences and engaging in lively debate.

A refuge for Russian city kids

St. Petersburg's State Hospital No. 15 is a place of refuge in the Russian metropolis – a place where orphans and abandoned children can find temporary shelter. Many of them are seriously traumatized, already scarred by physical and mental abuse. Since 2001, the World Childhood Foundation has been working with the hospital to transform the dilapidated buildings into a warm, friendly environment where the children can be provided with professional standards of medical treatment and social care. Thanks to the international charity's efforts, the walls have been repainted in light colors, there are lots of toys and enough staff to look after the children as they deserve.

The World Childhood Foundation was set up by Queen Silvia of Sweden in 1999. DaimlerChrysler is one of the founder members of the charity, which also helps children in other countries such as Estonia, Lithuania and Latvia by supporting and working together with local aid organizations. In 2003, DaimlerChrysler promoted the work of the foundation by sending a music CD, the *Childhood Classic Collection*, to selected customers accompanied by a brochure describing the organization.

>>www.childhood.org

Projects in Profile

>> *Turkey*. In 2002, the DaimlerChrysler plant in Aksaray, Turkey, set up a welding course for prisoners. The training initiative, developed in consultation with the Public Prosecutor's office, is without precedent in Turkey. It is hoped that it will help ex-prisoners reintegrate more easily into society.

>> *Uzbekistan*. DaimlerChrysler and the Goethe Institute in Asia are making joint efforts to stimulate cultural exchange between this former Soviet Republic and countries in Western Europe. In 2002, the initiative arranged a concert tour of Uzbekistan by the renowned Abegg Trio ensemble, while the Bremen Dance Theater gave a guest performance in Tashkent.

>> *Poland*. In 2003, DaimlerChrysler was presented with the prestigious Sponsor of the Year Award, in honor of the company's many initiatives to encourage the development of contemporary art in Poland. For example, in 2003 the company sponsored an exhibition of works by Leon Tarasewicz, one of the most important contemporary artists in the country.



In St. Petersburg, Gerhard Hilgert (far right) of DC Automotive Russia, presents the key to a Sprinter van to Queen Silvia of Sweden, founder of the World Childhood Foundation. Claudia Brünner from the DaimlerChrysler office in Moscow hands out notebooks and text books to young patients at the Blochin Leukemia Center (right).

>> *Macedonia*. The real winner of the DaimlerChrysler Junior Cup 2003 was an SOS Children's Village in Macedonia (formerly part of Yugoslavia). Competing is not the only thing that matters in the international youth soccer tournament, which was held in Sindelfingen, Germany, for the 13th year running. The tournament also succeeded in raising an impressive 18,000 euros on behalf of children in the republic. Teams from countries around the world, including Germany, Turkey, Cuba, Cameroon and Macedonia, all gave of their best. The previous year, Stuttgart soccer star Krasimir Balakov collected an 18,000-euro donation for SOS Children's Villages in his homeland of Bulgaria.

>> *Croatia*. DaimlerChrysler executive Matthias Kleinert presented the golden DaimlerChrysler Cup to the winning team in the soccer tournament at the Youth Games in Split. More than 20,000 children and teenagers took part in the games in the Croatian seaside town during the summer of 2002.

>> *Hungary*. Hungarian photographer Zoltán Glass is often referred to as the "Picasso of the camera". Between 23rd May and 21st June 2002, over 100 of his most beautiful black-and-white photographs of the 'Thirties – many of them historical treasures documenting the early years of motor racing – were exhibited by DaimlerChrysler in Budapest. The exhibition was dedicated to racing legend Manfred von Brauchitsch.



18,000 euros raised at the DaimlerChrysler Junior Cup 2002 are donated to the SOS Children's Village of Trjavna in Bulgaria (left). Captured by Hungarian photographer Zoltán Glass back in the 'Thirties: a Mercedes-Benz sets off on its journey abroad.

> 12.



Children in Wesleyville celebrate the opening of their new educational and community center. The project was funded by DaimlerChrysler and provides the 400 pupils with classrooms, an activities hall and a library.

Africa

> Making the most of a continent's potential



Making the most of a continent's potential

Africa is a continent fraught with challenges, which can often overshadow the region's outstanding potential. Building on its long-standing connections with southern Africa, DaimlerChrysler contributes to the social and economic development of the region by sponsoring a wide range of projects.

South-South trade gets going

Global markets are still dominated by historical trading relationships established over long periods of time by the developed nations of the North. Until now, countries in Africa and South America have rarely operated as independent traders in their own right. High tariff barriers tend to hamper the free exchange of goods and the development of cooperative commercial relations. The effects are obvious in the automotive industry alone – trade goods frequently have to be diverted via the northern hemisphere simply in order to make it to the other side of the Atlantic.

The planned free trade agreement between the Southern African Customs Union (SACU) and the South American common market Mercosur is expected to provide a welcome remedy. The agreement, instigated by South Africa and the leading economies in Latin America, aims to facilitate trade in the southern hemisphere in order to provide developing countries with the best possible conditions to take advantage of globalization.

With production plants in both South Africa and Latin America, DaimlerChrysler is highly supportive of the moves toward free trade on both sides of the Atlantic. Like the IBSA trilateral commission formed by South Africa, Brazil and India in 2003 (the "Group of Three" or G3), this agreement testifies to a new-found confidence on the part of newly industrialized nations.

DaimlerChrysler has commissioned market research projects in connection with the planned free trade agreement, as well as

sponsoring seminars, other research projects and publications on trade in the southern hemisphere. One example is a report by the South African Institute of International Affairs entitled "Driving SACU-Mercosur: Trans-Atlantic Cooperation in the Automotive Industry", published with our assistance in 2003.

South Africa and Brazil: leading the way

In many ways, the economic and social challenges confronting Brazil and South Africa today bear strong similarities. When the Presidents of the two countries, Luiz Inacio Lula da Silva and Thabo Mbeki, began to intensify their political dialog and cooperation in 2002, both of them were able to draw on these similarities and shared experiences.

DaimlerChrysler is fully committed to supporting this rapprochement, not least due to the close relationship between DaimlerChrysler do Brasil and DaimlerChrysler South Africa. The corporation is also an active founder member of the Brazil-South Africa Chamber of Commerce.

This close relationship is not so surprising when we consider that almost 50% of Brazilians have African roots. In recent times, DaimlerChrysler has sponsored a number of initiatives by the black movement in Brazil, including seminars on Afro-Brazilian history. We are working with the Ministries of Culture in Brazil and South Africa to further cultural relations between the two countries. Plans include an exchange program for young musicians.

DaimlerChrysler has been sponsoring a distance learning center in Maseru, Lesotho, since 1999 (left). Karl-Heinz Böhm, founder of the People for People relief organization, celebrates a 1.2 million-euro donation with Roland Folz, Chairman of the Board of Management of DaimlerChrysler Bank. The money was raised by viewers and DaimlerChrysler Bank during a televised birthday gala.



We are also involved in political, social and environmental projects on both sides of the Atlantic. One example of these is the POEMA project (cf. page xx) in Brazil's Amazonian region. This successful socio-environmental program has been adopted – with only minor modifications – by our factory in South Africa.

Economic initiatives in Africa

Southern Africa has an economic potential that European businesses and institutions have hardly begun to appreciate. To help counter this ignorance, the German-African Business Association, the Association of German Chambers of Commerce and Industry (DIHK) and the Federation of German Industry (BDI) set up the Southern Africa Initiative of German Business (SAFRI) in 1996. At its head is DaimlerChrysler Chairman Jürgen E. Schrempp.

One of the main aims of this commercial initiative is to encourage small and medium-sized businesses in Africa to become more competitive. This in turn is expected to create jobs and help local communities to achieve a better standard of living. At the same time, it will create the right conditions for attracting more investment from German companies. As part of this Human Resources Development (HRD) project, a series of workshops for entrepreneurs has been devised, along with a new training module covering "Self-Assessment Using the SADC Quality Model". SAFRI has also set up a mentoring program.

In 2003, eight African businesses from the Southern African Development Community (SADC) were presented with the Jürgen E. Schrempp-SAFRI Award for Excellence. The prize is intended to honor SMEs in southern Africa that have implemented outstanding quality management systems in all areas of their business. Applicants for the award may take advantage of SAFRI's mentoring program as they prepare for their bid.

As part of our activities in support of SAFRI, in 2003 we also invited groups of South African and Namibian students to visit the DaimlerChrysler plant in Sindelfingen and the Mercedes-Benz Museum in Stuttgart-Untertürkheim. The students were in Germany for a month-long cultural and language program sponsored by DaimlerChrysler at the University of Tübingen.

The Corporate Council of Africa, or CCA, works to build commercial links between Africa and the USA. In 2002, DaimlerChrysler's Senior Vice President for Government Affairs in the USA, W. Frank Fountain, was appointed Chairman of the organization, which counts nearly 160 American companies among its members.

The Corporate Council of Africa holds its 2003 conference in Washington D.C.: U.S. President George W. Bush with DaimlerChrysler executive Frank Fountain (right), Chairman of the Corporate Council of Africa. Built with donations from DaimlerChrysler employees and the World Childhood Foundation: the nursery school at Mzamomhle in East London, South Africa, where teacher Lindelwa Mankayi looks after her young charges (right).



Green frontiers as parks for peace

An area of 300,000 square kilometers, straddling the borders of eight countries, is about to be transformed into a single transfrontier nature reserve. By turning this vision into reality, the Peace Parks Foundation – set up in 1997 – is hoping to secure lasting peace between the southern African nations involved, as well as boosting their income from tourism. DaimlerChrysler has been a staunch supporter of this ambitious project from the start. At present, our sponsorship activities are tightly focused on the urgent need to develop and expand the Wildlife College in South Africa. The College trains the specialists needed to implement the Peace Park concept – an initiative that is absolutely critical if the economic potential of the Peace Parks for southern Africa is to be realized. Intensive collaboration between ministries and institutions in Germany and the SADC is moving the process forward.

Meanwhile, the influence of this transnational conservation project is spreading to Europe. At the Third Environment Forum in Magdeburg (cf. page 33), the Goitzsche region of Saxony-Anhalt announced its intention to join the ranks of the Peace Parks. The region represents a fine example of the successful restoration of an area of great natural beauty in eastern Germany.

Opportunities for young people in South Africa

Of the social issues facing us in South Africa, one of the most urgent is to curb the spread of AIDS by encouraging a preventive policy, and equally urgent, to provide help for the many victims of the rampaging immunodeficiency syndrome (cf. page 46). This does not prevent us, however, from fulfilling our social and civic responsibilities in other areas as well. So for example we sponsor CIDA City University in Johannesburg, an institution that targets the best students from the poorest communities in South Africa. The university equips them to become the managers and entrepreneurs of the future in the SADC nations, while DaimlerChrysler funds the students' travel from their – often remote – homes to the city, and offers them holiday jobs.

We also helped to build the Chatsworth Youth Center, opened by the former President of South Africa, Nelson Mandela, in October 2003. Chatsworth is a mainly black suburb of Durban, with extremely high levels of unemployment and little in the way of social infrastructure. In March 2000, 13 teenagers were killed when panic broke out at a nightclub in Chatsworth following a teargas attack – a tragedy that shook South African society to the core. Nelson Mandela first put forward the idea of opening a youth center there, and with substantial help from DaimlerChrysler, his suggestion has rapidly borne fruit. The result is a spacious modern building offering a wide range of leisure activities for young people.

At the entrance of the newly built Chatsworth Youth Center, a colorful mosaic by artist Raksha Gorbardon commemorates the 13 young people who died in 2000 when panic broke out at a local nightclub (left). Unconventional views of South African society (right): Guy Tillim was presented with the DaimlerChrysler Award for South African Art 2004 in recognition of his photographic work.



A prize that opens doors

Reconciling the black majority with the white minority in South Africa is a long and challenging process. The sweeping social changes of recent times are reflected in the works of the nation's artists. The DaimlerChrysler Award for South African Art was launched in 2000 with the aim of providing a forum for this creative activity, which has an important role to play in the ongoing social development of the country. Each year, the award is presented to a young artist specializing in a different creative medium. In 2002, the award went to Jane Alexander, a sculptress. In 2003, 31-year-old choreographer and dancer Sbonakaliso Ndaba was the winner. Apart from the prize money, she also received a scholarship so that she could work on a new production, as well as funding for a study trip abroad.

Art collection on tour in South Africa

The celebrated DaimlerChrysler art collection (cf. page 55), which has been on world tour since the autumn of 2003, will be exhibited in South Africa from 2004 to the beginning of 2005. It will be the first time that the country has hosted such a comprehensive and prestigious collection of 20th and 21st century art from all around the world. DaimlerChrysler has also organized an educational guided tour of the collection with the aim of making the works more accessible to young audiences from schools and universities and awakening their interest in contemporary art. In addition, we will be organizing shuttle-bus transport to all the exhibition venues.

Toys for Africa

In April 2002, over 85,000 toys – more than seven truckloads – left Stuttgart to make the long journey to South Africa and Mozambique. Here they were handed out to children, many of them orphaned by the AIDS virus. The toys had been collected in a large-scale charity campaign by the Stuttgart Regional Forum. Supporters of the Toys for Africa initiative included DaimlerChrysler South Africa, DaimlerChrysler dealerships and the German-South African Junior Chamber of Commerce. Lydia Schrempp, wife of the Chairman of DaimlerChrysler's Board of Management, was patron of the campaign.

A press conference in January 2004, prior to the opening of the DaimlerChrysler art exhibition at Pretoria's Art Museum by Jürgen E. Schrempp. With him is German Federal Chancellor Gerhard Schröder. Children in South Africa enjoy donated toys collected for them in the Stuttgart region (right).





Professor Min Weifang and DaimlerChrysler scholarship holder Yan Jun in front of the gates of Beijing University.

> 13.



Asia

> Growing together by working together

Growing together by working together

The countries of the Asia Pacific region are among Europe and the USA's most important economic partners. Recently, DaimlerChrysler has further extended its presence in China in particular. At the same time we have also committed ourselves to a wide variety of social development projects, just as we have elsewhere in the region.

China – world power and market of the future

China is a nation with enormous potential, and DaimlerChrysler has great hopes for it as a future market. However, we are also very much aware that our investment in the most highly populated country on Earth – one that is currently undergoing some far-reaching changes – implies the assumption of certain responsibilities. As a large-scale corporate employer, DaimlerChrysler will inevitably have an impact on the shape of Chinese society. This is why we give such high priority to dialogue at the local community level and help to sponsor social initiatives.

Knowledge – an investment in the future

China has a great tradition of commitment to training and education. But as the country opens up, educational achievement is becoming even more important, so DaimlerChrysler sponsors several regional training centers that run courses for service personnel in the automotive industry. Working with local partners, we have developed a foundation course in automotive engineering tailored to the sophisticated technologies found in modern vehicles, and are planning to expand this program further over the next few years.

Sino-German interchange

As part of the twinning arrangement between Berlin and Beijing, the company has been running a trainee exchange program since 2000. Trainees from our Berlin plant and one of the DaimlerChrysler training centers in Beijing spend three weeks in

their respective twin town, where they are given a taste of the life and work of their far-flung colleagues. As well as a tour of the plant, the program includes training in engine technology and courses at the local technical college. Accommodation is provided by host families, so the young visitors experience everyday life in a foreign country to the full. The intention is to help participants to a deeper understanding of each others' cultures, so that they realize that differing points of view do not necessarily hinder collaboration, but may in fact enhance it.

Support for the next generation of academics

DaimlerChrysler has sponsored a number of China's leading academic institutions for many years. Since 1994, for example, we have been working in partnership with Beijing University, the country's oldest and most famous university. Each year, the company awards a four-year scholarship to the twelve best new students. The company also provides four-year maintenance grants to a wider circle of students, specifically in order to enable young people from poorer backgrounds and under-developed regions to benefit from higher education. In addition, all DaimlerChrysler scholarship holders are encouraged to participate in a supplementary program of seminars and practicals. Towards the end of 2002, we instituted a similar scholarship program at Tsinghua University, another of the country's major universities. We have also endowed Tongji University with a Chair in Automotive Technology.

Chinese trainees test their newly acquired skills on a smart engine (left). Over the past ten years, DaimlerChrysler has built up a fruitful partnership with Qinghua University in Beijing. Head of Human Resources and Labor Relations Günther Fleig (left, at head of table) meets with University Vice President Gong Ke for an exchange of views on scientific and technical collaboration.



Small steps – big impact

The following are just a few examples of the social projects we are involved in:

>> Together with UNESCO, DaimlerChrysler sponsors aid projects for schools in China and has assumed responsibility for paying the annual fees of more than fifty children attending a school for the mentally handicapped in Jiangsu Province.

>> DaimlerChrysler is cofounder of the China Charity Federation (CCF) which, among other things, provides support to sick and orphaned or abandoned children – by sponsoring a children's village near Beijing, for example.

>> DaimlerChrysler and the Beijing Jeep Corporation have provided an off-road vehicle to convent schools in the autonomous region of Huangnan in Qinghai Province, so that doctors and teachers can reach the nomadic people living out in the wilderness.

>> To help combat the SARS epidemic in May 2003, DaimlerChrysler provided Beijing hospitals with 80,000 protective suits worth a total of 360,000 U.S. dollars.

>> In September 2002, DaimlerChrysler donated a Mercedes-Benz Sprinter to the Beijing Medical Emergency Center for use as an ambulance.

Trainees from Berlin on an exchange visit in Beijing get to know the language and culture of the country (left). The China Charity Foundation, cofounded by DaimlerChrysler, supports a Children's Village close to Beijing (center). Thanks to a jeep donated by DaimlerChrysler, teachers and doctors in the Huangnan region can now reach even the most inaccessible areas.



Japan: investing in training, sciences and the arts

Japan boasts the world's second largest economy, with an automotive market second only to the USA's. Here too, our commitments are not limited to our business activities; we also engage with Japanese society. We attach great importance to promoting the arts, so we set up the DaimlerChrysler Foundation Japan to act as a single forum for running our arts promotion activities. One of the foundation's tasks, for example, is to award scholarships to young Japanese artists who wish to study in Europe (cf. page 55).

We also sponsor scientific research in Japan, and in 2003, founded three scholarship programs which are reviewed annually. Two of them relate to medical research focusing on gerontology and AIDS in particular. The two programs give two Japanese specialists – each working in one of these areas – the opportunity to spend a year at a leading medical faculty in Germany, concentrating purely on study and research.

Also in 2003, we set up a postgraduate program in International Management. Every year one young Japanese economist is given the opportunity to take the MBA (Master of Business Affairs) course offered by the prestigious Stuttgart Institute of Management and Technology (SIMT). He or she is then offered a six-month internship with DaimlerChrysler.

The DaimlerChrysler Symposium on the future of mobility has been an institution in Japan since 1993. Each year, the forum brings together several hundred journalists, government represen-

tatives and scientists in Tokyo to discuss strategies for dealing with the social and environmental challenges confronting global mobility. The forum also examines how a major player in the automotive industry like DaimlerChrysler might help to resolve these issues.

South East Asia: promoting education, culture and social development

In terms of economic growth, the South East Asian region is on a par with China and India. There is a flip-side, however: in many places, social development lags far behind economic progress. Widespread poverty and low levels of education characterize a large proportion of the population in South East Asia. These are problems that no international business with a presence in the region can ignore.

DaimlerChrysler sponsors numerous social initiatives and projects in South East Asia, and – with the active support of its employees – is able to intervene quickly and with minimal bureaucracy wherever there are people in need. As a business, however, our most important role is to provide employment, creating jobs with long-term job security and thereby contributing to the sustained prosperity of local communities. Vital to this strategy is the provision of vocational training and qualifications for young people, as well as support for young academics.

DaimlerChrysler provides this support in a number of different ways; from donating three training vehicles to the Apprentice

At a concert given by the Stuttgart Chamber Orchestra and organized by the DaimlerChrysler Foundation in Tokyo, guests are greeted by Hans Tempel, President of DaimlerChrysler Japan (left). Participants of the DaimlerChrysler initiative MobileKids in Thailand (center). In Malaysia the company applies a twin-track training approach with considerable success (right).



Training Centre in Kuala Lumpur, to sponsoring the International Conference on Technical Education and Vocational Training organized by the German-Malaysian Institute (GMI) in Kuala Lumpur in June 2002. One of the speakers was our own Director of Corporate Human Resources & Education Policy, Albrecht Sanner, who described to the 250 delegates the twin-track training approach applied so successfully in our Malaysian factories.

In Thailand, we sponsor the exchange program between Stuttgart's Hohenheim University and the Royal Chitralada Project. The program gives agricultural students working on model estates owned by the Thai monarchy the opportunity to spend a number of weeks at Hohenheim University, studying agricultural and nutritional technologies in greater depth.

Naturally we are also involved in promoting South East Asian arts and culture, sponsoring local arts initiatives and intercultural exchanges. In 2003 we were presented with the Friends of the Arts Award in Singapore, in recognition of our proactive commitment to the region.

Projects in profile

>> *Cambodia*. In August 2003, DaimlerChrysler donated a Mercedes-Benz van to the German Apsara Conservation Project (GACP). Dedicated to restoring and preserving the world-famous temple sites at Angkor Wat, the project has developed special processes expressly for this purpose.

>> *Singapore*. In 2003, DaimlerChrysler took part in a state-funded nature project which gives disadvantaged children the chance to "Get close to Nature". For the next two years, the proceeds of the annual Mercedes Ball will be donated to this project.

>> *Indonesia*. Many of Jakarta's millions of inhabitants are living below the poverty line. To provide assistance where it is needed most, DaimlerChrysler has launched the "DC Ina Cara & Charity Campaign", a program which gives regular support to aid projects such as a school for street kids and distribution centers for dispensing food to the needy.

>> *Vietnam*. To mark the opening of the 22nd South East Asia Games in Hanoi in December 2003, DaimlerChrysler presented the city authorities with an articulated bus. The vehicle's unusual design is particularly well suited to the layout of the Vietnamese capital: it can carry between two and three times as many passengers as a conventional bus.

Violinist Anne-Sofie Mutter performs in Taiwan at Mercedes-Benz's invitation (left). The DaimlerChrysler Ina Cara & Charity Campaign sponsors a school for street kids in the city of Jakarta (right).



Glossary

>>**ATTAC** Association for the Taxation of financial Transactions for the Aid of Citizens. Highly critical of globalization, this network organization – with a worldwide membership of some 80,000 – hopes to bring about a new world economic order based on principles of democracy and justice for all.

>>**Biomass** All organic matter, i.e. of animal or plant origin. Biomass represents a renewable natural resource that can be used to produce energy or to manufacture materials.

>>**CEO** Chief Executive Officer. Managing Director or Chairman of the Board of Management (executive board) of a business.

>>**Corporate Citizen** A company that can be regarded as a responsible member of civil society, or regards itself as such.

>>**Corporate Citizenship** Corporate acknowledgment of social responsibility. Over and above the pursuit of commercial interests, a company that practices Corporate Citizenship is actively committed to the resolution of civil and social issues.

>>**CO₂** Carbon dioxide. The main gas produced by organic combustion processes, thought by many scientists to play a key role in producing the man-made climate-changing greenhouse effect.

>>**CSR** Corporate Social Responsibility. Collective term for social responsibility as practiced by corporate entities, embracing the economic, ecological and social aspects of such responsibility.

>>**Global Compact** Initiative launched by Kofi Annan, Secretary General of the United Nations, with the aim of encouraging adherence to globally recognized principles relating to human rights, environmental protection and working conditions.

>>**ILO** International Labor Organization. UN specialized agency that seeks to raise working and social standards around the world, promoting social justice and improving the living conditions of the working population.

>>**Mercosur** Mercado Común del Sur. South American economic zone that includes Argentina, Brazil, Paraguay and Uruguay.

>>**NAFTA** North American Free Trade Association. A free trade zone that includes Canada, Mexico and the USA.

>>**NGO** Non-Governmental Organization. NGOs include but are not limited to environmental and human rights organizations. The definition embraces a vast number of associations, networks, federations, educational and social institutions around the world.

>>**OECD** Organization for Economic Cooperation and Development.

>>**SACU** Southern African Customs Union. South African economic zone comprising South Africa, Botswana, Lesotho, Namibia and Swaziland.

>>**SADC** Southern African Development Community. An initiative for the economic development of southern Africa with 14 member states, including Angola, Botswana, Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

>>**SAFRI** Southern Africa Initiative of German Business. Initiative launched by German businesses with the aim of focusing the attention of German entrepreneurs on the economic potential of the 14 member states of SADC.

>>**SARS** Severe Acute Respiratory Syndrome. Extremely infectious form of lung inflammation that can take on the characteristics of a fully-fledged epidemic.

>>**Sustainability** The principle of meeting the needs of the present generation without compromising the ability of future generations to meet their own needs. This definition dates back to a UN commission that met under the leadership of Gro Harlem Brundtland in 1987. The true importance of the concept of