

Management Policy Board Policy

Policy Profile		
Short Title	Board Policy	
Policy Number	B 73.2	
Purpose of Policy / Summary	The purpose of this policy is to define key principles for the establishment and working methods of supervisory and advisory boards.	
Risks of non-enactment of the policy		
Scope of Application	<p>This policy applies to all employees and members of governing bodies - of the levels V-4 ----- as well as -----</p> <p>This policy applies to all employees and members of governing bodies - of the organizational units Mergers & Acquisitions/ Corporate Real Estate (FP) and Legal (L) ----- as well as -----</p> <p>This policy applies to all employees and members of governing bodies - of the organizational units Personal und Arbeitsdirektor, Mercedes-Benz Vans (HR) without Konzernsicherheit (CS), Corporate Business Service Management (CBS), Organisation Konzern & Personalplanung (HRO) and Mercedes-Benz Vans (VAN)</p>	
Explanation on Scope of Application	<p>This policy applies to natural persons who have been chosen for a mandate or hold a mandate. The policy also applies to:</p> <ul style="list-style-type: none"> -Employees of Daimler AG and controlled shareholdings who are concerned with selecting board members, taking over mandates, holding these mandates or resigning from these mandates -Local M&A data maintenance staff and local M&A data approvers in GENESIS -CEOs and CFOs of controlled shareholdings. <p>For mandates that are not initiated by or in the interest of Daimler AG or its controlled shareholdings, please see the Daimler Integrity Code.</p>	
	Indispensable policy	
Period of Validity of this Version	8/2/2017 - 8/1/2022	
Last Revision of this Version		
Approval	Bodo Uebber FC 7/14/2017	
Topic	M&A/Real Estate (Subsidiary Management)	
Policy Owner	Dr. Roberto Klimmek - FP/S - Daimler AG (0400)	
Contact Person	Dr. Roberto Klimmek - FP/S - Daimler AG (0400)	
Documentation	Published in the Enterprise Regulations Database (ERD) in the Daimler Employee Portal at 8/2/2017.	
Documents	Documents	Pages
	Board Policy	7
	Annex "Key Group Companies"	1
	Communication Document	5
Further Applicable Regulations	Web training "Know Your Responsibilities" URL: http://dca-training.e.corpintra.net/DCA/KYR_AR/de/story.html	
Changes to Previous Version	<p>2017/08/02:</p> <ul style="list-style-type: none"> -Further definition of scope of application and objective of the policy -Further definition of scope of application -Changes in definitions of terms to meet current standards -Change in section with principles for the establishment and working methods of governing bodies -Addition of a section on qualification of board members -Change in requirements for the selection, board composition, and requirements for board members -Addition of integration of the divisional HR unit into the selection process for board members -Addition of a section on data quality and data maintenance -Addition of a section to confirm Corporate Governance for controlled shareholdings 	

Managers of the organizational units affected by this regulation are responsible for ensuring that their employees are aware of this regulation and that they observe it

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accordingly. Employees are responsible for familiarizing themselves with the provisions of the regulation and observing them.

1. Purpose

The purpose of this policy is to define key **principles for the establishment and working methods of supervisory and advisory boards.**

2. Definitions

"Shareholding"

of Daimler AG under this policy means any company in which Daimler AG holds direct or indirect shares. This includes controlled and non-controlled shareholdings.

"Controlled shareholdings"

of Daimler AG under this policy are all companies in which Daimler AG directly or indirectly holds the majority of the shares, or over which it can directly or indirectly exercise a controlling influence in some other manner.

"Key Group companies"

of Daimler AG under this policy are companies in which the Board of Management of Daimler AG reserves the right to appoint boards. The current list of the key Group companies is attached to this policy in the Annex "Key Group Companies."

"Mandates"

under this policy are seats initiated by Daimler AG or a controlled shareholding in supervisory or advisory boards (Board of Directors (non-managing directors), Supervisory Board, Advisory Board, etc.) of natural persons who have an employment or consulting relationship with Daimler AG or a controlled shareholding. This includes mandates in controlled shareholdings and mandates in supervisory or advisory boards of other, non-controlled shareholdings, including external or charitable institutions, if the mandate is being held on the initiative of Daimler. This does not include activities for associations or cooperation on expert commissions.

3.1 Principles for the establishment and working methods of supervisory and advisory boards

Supervisory and advisory boards must be set up and board members appointed only if the board is prescribed by law, the articles of association, or a legal agreement. The following requirements on the working methods must be taken into account where permissible by law and taking account of the company's situation:

- The administrative work for meetings should be kept to a reasonable minimum, meaning as few meetings as possible.
- Resolutions should be adopted by way of circulation or in a telephone or video conference.
- If meetings are necessary and a meeting location is not prescribed by law or the articles of association, meetings will be held at the most cost-effective and convenient location.

3.2 Selection of board members

The selection of board members will be made by the business division or functional division that is in charge of the relevant mandate under the schedule of responsibilities or specific regulation, always in agreement with the divisional HR unit. The same applies to re-election or termination of a mandate.

Vacancies or newly appointed mandates must be reported to M&A and the divisional HR head in a timely manner (with advance notice) by the responsible business division or functional division, in order to agree on recommendations for appointment with the internal decision-making levels and to initiate a compliance check on the candidate by HR based on the risk. The internal decision-making level is independent of the significance of the mandate; this is without prejudice to the rights of consent by other board (such as Daimler AG's Supervisory Board).

- The Board of Management of Daimler AG will decide on candidates for mandates with key Group companies.
- The Board of Management member of Daimler AG in charge of the division will decide on candidates for all other mandates. The selection of candidates from other divisions will be made in coordination with the responsible head of the business division or functional division to which the candidate belongs. The Board of Management member can delegate his or her decision-making authority within the division. This delegation can be made to a management level no lower than L1.

In general, when making a selection the significance and type of business activity must be taken into account for the respective mandate. Therefore, performing a mandate is always related to a function. Generally, managers from the Daimler Group are chosen to take on mandates:

- Board of Management members of Daimler AG
- Managers from affected business divisions or functional divisions of the Daimler Group
- Managers with special expertise (e.g. Controlling, Legal).

First, it must be remembered that all persons chosen to take over a mandate must immediately disclose any current or future conflicts of interest to the business division or functional division responsible for the mandate before accepting or while holding a mandate. This is without prejudice to other disclosure obligations. Board members cannot perform operational tasks with regard to the mandate at the same time, and in particular cannot be given signature authority for the bank accounts.

Board members on a board must meet all of the related board members' obligations for consultation and control of management under locally applicable law, and the respective articles of association and/or rules of procedure.

Holding a mandate is generally tied to the existence of an employment or consulting relationship with Daimler AG or one of its controlled shareholdings. If the employment or consulting relationship ends, all mandates must be surrendered no later than the time that termination takes effect. This also applies to termination of a contractual relationship upon commencing retirement. In the event of partial retirement, all mandates must be surrendered no later than the time the "release period" begins.

Exceptions are possible only in justified, individual cases. They must be limited in term and require consent by the Board of Management member in charge of the division along with the HR Director of Daimler AG. If a Board of Management member of Daimler AG is to hold a mandate after leaving the company, this will require the consent of the Supervisory Board of Daimler AG.

3.3 Board composition and requirements for board members

When appointing supervisory and advisory boards in controlled shareholdings, alongside any criteria under the law or articles of association (e.g. gender quotas) a reasonable level of professional and business knowledge and experience – including financial and controlling expertise – must be ensured.

For controlled shareholdings, the relevant supervisory or advisory board must be composed overall so that the members in sum have the knowledge, skills and professional experience needed for proper performance of the tasks required by the law, articles of association, rules of procedure, etc. Specifically, the following professional requirements must be taken into account:

- Market knowledge (especially for sales companies)
- Financial expertise (accounting and bookkeeping)
- Technical expertise (where relevant)
- Management experience
- Risk management experience (financial risks, non-financial risks, legal risks and compliance risks)
- Any requirements related to a listing on the stock exchange or related to official, e.g. banking supervision, regulations

- Any requirements from general or national diversity requirements (e.g. required international scope, gender quota, local empowerment, etc.)
- Need for an HR representative (on the shareholder side) if the Supervisory Board is based on co-determination.

From a personal standpoint, a board member must be willing:

- to immediately disclose any conflicts of interest
- to personally hold the mandate in his or her own responsibility, i.e. without taking instructions and in an independent manner
- to exercise the rights of participation, to obtain information and to collaborate based on his or her mandate
- to observe the loyalty, due diligence and confidentiality obligations relating to the mandate.

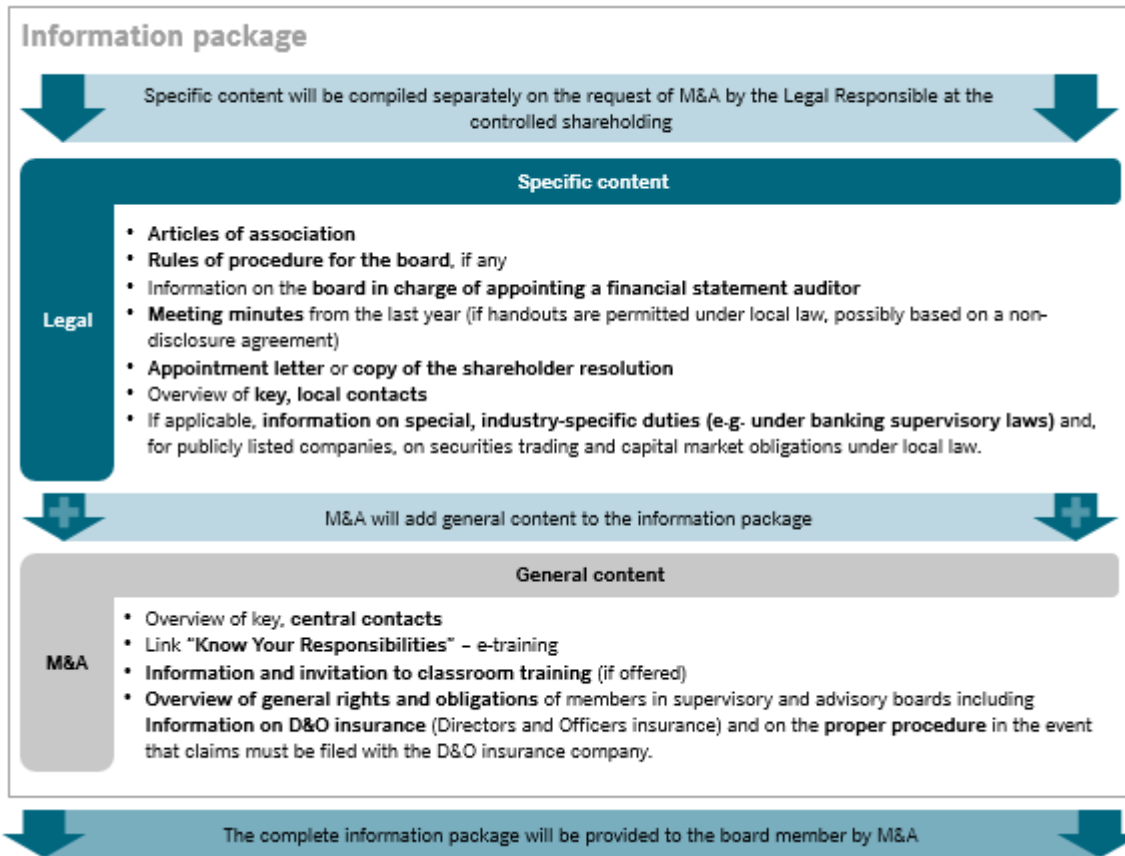
If there is an intention to surrender the mandate (e.g. for personal reasons) generally three months' notice must be given to the business division or functional division manager, M&A, and the divisional HR head in charge. The notice period can be shortened on mutual agreement.

3.4 Qualification of board members

Daimler AG will help all designated board members perform the mandate responsibly by offering them training courses. Immediately after being selected or appointed, all board members must complete the web-based training course "**Know Your Responsibilities**." The e-training will inform all board members of their rights and duties. The [link](#) to the training course is part of an information package that will be sent by M&A to all board members immediately after they are elected or appointed (see also the policy profile on this policy, further applicable regulations).

The information package contains **general information** that is relevant for all board members and **specific information** that pertains to the respective controlled shareholding.

The information package comprises the following:



If the mandate is with a non-controlled shareholding or external or charitable institution, the information will include general content only. The board member must obtain specific content from the relevant shareholding or institution.

3.5 Reservation of consent and reporting obligations to the Board of Management and Supervisory Board

Consent and reporting obligations as listed in the rules of procedure for the Board of Management and Supervisory Board of Daimler AG must be observed.

If a Supervisory Board member is appointed or removed from office at a shareholding of Daimler AG with equal employee-shareholder representation in which Daimler AG has a direct stake of at least 25%, the exercise of the voting rights of Daimler AG at the shareholders' meeting of the relevant shareholding company requires prior consent by the shareholder representatives on the Supervisory Board of Daimler AG.

3.6 Compensation of board members

Holding a mandate on the board is considered part of the employment or consulting relationship and is covered by the compensation under that contractual relationship.

Therefore, holding the mandate will not be additionally compensated in any way (not even through share-based compensation or a meeting fee). Where permissible by law, the board member will ensure that with regard to the mandate, no compensation is defined, or he/she will waive this compensation. If this is not permissible by law, or not considered reasonable after written agreement with the persons in charge of selecting candidates, the board member is required to report the compensation to his or her responsible HR

manager¹. The compensation for the mandate will then be offset under the relevant stipulations in the employment or consulting agreement with salary or bonus payments under this contractual relationship.

To hold a mandate on stock-listed shareholdings or for pensioners who are taking over / holding a mandate, in individual cases a different regulation can be defined; this requires consent by the Board of Management of Daimler AG. If the board member is a member of the Board of Management of Daimler AG or a controlled shareholding with a German stock corporation as its legal form, or is a member of an executive body of a company that has equal employee-shareholder representation under German law, the lack of a compensation waiver for the mandate requires consent of the Supervisory Board of Daimler AG or the controlled shareholding in which the person is member on the Board of Management or executive body.

If, by way of exception, payments are made to hold a mandate, the board member is required to report to his/her responsible HR manager on all payments received in relation to holding the mandate (= obligation to provide). The total compensation received and promised in a financial year (salaries, profit sharing, rights of pre-emption and other share-based payments, meeting fees, expense reimbursements, insurance payments, commissions and indirect benefits of all kinds) must be reported in the first 30 calendar days of the financial year for the past financial year in a single list to the responsible HR manager.

3.7 Trustee agreements with board members as owners of compulsory shares

If national law requires that a board member hold one or more shares of the shareholding in order to hold a mandate on the board ("obligatory shares"), Daimler AG will transfer the required number of shares to the director for his or her term, or arrange for this transfer where legally permissible if it does not hold the required number of shares in the shareholding.

All financial rights relating to this obligatory share (particularly dividends or rights of pre-emption) must, where legally possible, be assigned to Daimler AG or the controlled shareholding that directly holds the shares in the relevant shareholding. Details, such the exercise of voting rights, will be governed by a trustee agreement.

3.8 Data updates and data maintenance

All changes relating to supervisory and advisory boards in the GENESIS shareholding management and information system must be updated immediately by the local M&A data maintenance staff. Responsibility for data accuracy lies with the local M&A data approver of the respective shareholding (for controlled shareholdings this is the CFO, for non-controlled shareholdings this is the division controller).

3.9 Concept for confirming Corporate Governance with controlled shareholdings

Once a year, the CEO or CFO of a controlled shareholding will review and confirm – possibly with the assistance of the Legal Responsible – the status of Corporate Governance ("Annual Governance Review") in its company, such as:

- Up-to-date status of articles of association and rules of procedure
- Board members
- Proper performance of the required board meetings
- Implementation of Daimler policies.

Each year the process will be automatically managed and documented by the GENESIS shareholding management system.

¹ depending on the responsible person: main administrative office or HR department