

We have set ourselves ambitious goals as we continue on our road to accident-free driving, and we are systematically moving ahead to achieve them. We are aiming to:

- Further improve our accident-prevention systems – for example with Active Brake Assist.
- Make our vehicles even safer for vehicle occupants both during and after an accident – for example with appropriate vehicle structures, effective restraint systems, and systems that can engage after an accident.
- Make our vehicles safer for others – for example with pedestrian recognition systems and systems that protect other road users.
- Increase traffic safety in general – for example through CSR safety initiatives such as SAFE ROADS and Mobile Kids.
- Contribute to ensuring safety for all road users by sharing data – for example within the framework of the pilot project in the Zollernalb district in Baden-Württemberg.

We utilize our holistic “Integral Safety” concept in our vehicle development activities. We first used this concept in the late 1990s to describe how we had divided the utilization of safety systems into four phases: “Driving Safely,” “Dangerous Situations,” “In the Event of an Accident” and “After an Accident.”

Our safety measures establish a bridge between active and passive safety within these four phases – i.e. between accident prevention (phases 1 and 2) and protection when an accident occurs (phases 3 and 4).

The models from Mercedes-Benz Cars repeatedly earn top marks in safety tests conducted by independent institutes. Of particular note in this regard are the marks Mercedes-Benz regularly receives from the American Insurance Institute for Highway Safety (IIHS). The IIHS rating assesses crash safety and accident-prevention and lighting systems. The Mercedes-Benz C-Class and the GLE received the IIHS “2020 TOP SAFETY PICK+” award for the 2020 model year.

During the reporting year, the European New Car Assessment Programme (Euro NCAP) issued ratings for driving assistance systems in a comparison of various vehicle models for the first time. The current GLE with its driver assistance package received a rating of “very good.” This means that the experts at Euro NCAP believe that among the vehicles in the competitive field the GLE offers the system that displays the greatest balance as well as a very high degree of effectiveness.

Our expenditure of € 8.6 billion on research and development includes, among other things, R&D expenditure for our safety measures and concepts.

## Integrity and compliance

We are convinced that companies stay successful in the long term only if their actions are ethical and legally responsible. That is especially the case during times of turmoil and transformation such as those we are experiencing today. That’s why integrity and compliance are top priorities at Daimler.

### Integrity management

The automotive industry is in a state of radical change. New fields of business are developing, and they are requiring companies to reorient themselves. Meanwhile, new technologies are raising new questions – ethical as well as legal ones. Moreover, the covid-19 pandemic has led to profound transformations all over the world. In such times of change and uncertainty, value-based action matters more than ever.

We are always striving to be the best. Our goals are to develop progressive technologies, build outstanding vehicles and offer smart mobility solutions. This commitment to excellence also applies to the way we deal with one another, with our customers and with our business partners. We also want to live up to our social responsibilities in ways that set benchmarks.

That’s why integrity is a central element of our corporate culture. For us, this involves more than just obeying laws. We also align our actions with a shared system of values, which include fairness, responsibility, respect, openness and transparency as key elements.

### How we make integrity part of our daily business activities

Integrity, compliance and legal affairs are combined in a single executive division at Daimler. The Integrity and Legal Affairs division supports all of our corporate units in their efforts to embed these topics in our daily business activities.

Our Group-wide Integrity Code is our shared standard of values and defines the guidelines for acting with integrity. It is binding on all employees of Daimler AG and our controlled Group companies. Employees from a variety of corporate units all over the world have helped to formulate the Integrity Code. It is available in ten languages and includes, among other things, regulations concerning anti-corruption measures, data management, product safety and compliance with technical regulations. We most recently updated our Integrity Code in 2019. Our employees can find all the important information related to the Integrity Code – such as FAQs, points of contact and contact persons – on the intranet.  [The main principles and practices of corporate governance](#)

In our Integrity Code we have also formulated a special set of requirements for our managers: We expect them in particular to serve as role models through their ethical behavior and thus offer guidance for our employees.

Our Integrity Management unit is responsible for promoting and enhancing integrity within our company and creating a shared understanding of integrity. The goal is to avoid possible risks due to unethical behavior and thus contribute to our company’s long-term success.

The Infopoint Integrity is the central point of contact for employees of Daimler AG and the Group companies when they have questions concerning integrity. The Infopoint works together with experts for legal and HR issues, data protection, compliance, as well as diversity or sustainability. It either provides direct support or connects employees with the appropriate contact partner.

A worldwide network of local contact persons for inquiries regarding integrity, compliance and legal issues is also available to our employees. The network evaluates the inquiries that are raised and, if necessary, initiates the appropriate measures.

In addition, we expanded the Integrity Network during the reporting year. The Integrity Network consists of employees from the individual companies, divisions and functional divisions of the Daimler Group. Its members regularly share information and develop and implement concrete measures in order to embed integrity even more firmly in our daily business activities.

In 2020 we once again initiated a variety of measures related to integrity. The starting point was the findings of the online employee survey “Big Picture Integrity,” which we had conducted throughout the Group in 2019. The findings showed that we have laid a good foundation for a culture of integrity at Daimler. The survey results have a direct influence on the remuneration of the management.

To gain an impression of current attitudes toward the culture of integrity at our company, we conducted an “Integrity and Compliance Pulse Check” in 2020 as a Group-wide random sample survey providing representative results. The results, which were positive on the whole, show that we have once again made progress in the ongoing development of our culture of integrity.

#### Communication at all levels

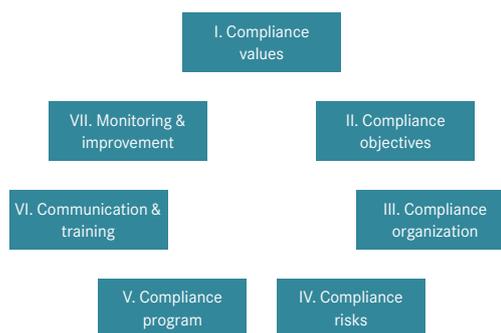
We conduct ongoing knowledge sharing and an open dialog with our employees to ensure that integrity will remain embedded in our company’s daily business over the long term. For example, during the reporting year we continued to regularly inform employees about our Integrity Code and its significance for our daily business activities. We have also continually addressed the topics of integrity, compliance and legal affairs in our internal media, such as brochures and films.

Our employees can also access the Integrity Toolkit via the Daimler Social Intranet. The Toolkit contains formats for dialog events, tools for self-reflection, case studies and further information about the topic of integrity.

In 2020 we particularly focused on direct discussions and once again conducted a variety of dialog events with employees at all levels of the hierarchy and with external stakeholders. We conducted all of these events virtually because of the protective measures in force due to the covid-19 pandemic.

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### The Daimler Compliance Management System



#### Our Compliance Management System (CMS)

Value-based compliance is an indispensable part of our daily business activities at Daimler, and it is firmly embedded in our corporate culture. Daimler is strongly committed to responsible and lawful conduct. We expect our employees to comply with the laws and regulations as well as voluntary self-commitments and to put our values into practice. We have defined these expectations in a binding form in our Integrity Code.

[The main principles and practices of corporate governance](#)

#### Compliance values and objectives

The central objectives of our compliance activities are respect for and protection of human rights, compliance with anti-corruption regulations, the maintenance and promotion of fair competition, the compliance of our products with technical and regulatory requirements, adherence to data protection laws, compliance with sanctions and the prevention of money laundering.

Through our CMS we aim to promote compliance with the laws and policies in these areas at our company, to prevent misconduct and to respond appropriately to any violations. The corresponding measures are defined by our compliance and legal affairs organizations in a process that appropriately takes our business requirements into account.

#### Compliance organization

Our compliance and legal affairs organizations are structured divisionally, regionally and along the value chain. As a result, they can provide effective support – for example, by means of guidelines and advice. Contact persons are available to each function, division and region. In addition, a global network of local contact persons makes sure that our compliance standards are met. The contact persons also help the management at the Group companies implement our compliance program at their respective sites.

The Daimler Compliance Board provides guidance regarding overarching compliance topics and monitors activities to see whether our compliance measures are effective. The Board’s mission is to react promptly to changes in business models and the business environment, deal with regulatory developments and continuously enhance the CMS. The Compliance Board consists of representatives of the compliance and legal affairs departments. It generally meets four times a year with additional meetings for cause and is chaired by the Chief Compliance Officer.

### Involvement of company management

The Chief Compliance Officer, the Vice President & Group General Counsel and the Vice President Legal Product & Technical Compliance report directly to the Member of the Board of Management for Integrity and Legal Affairs and to the Audit Committee of the Supervisory Board. They also report regularly to the Board of Management of Daimler AG on matters such as the status of the CMS and its further development, as well as the whistleblower system BPO.

In addition, the Vice President & Group General Counsel regularly reports to the Antitrust Steering Committee and the Group Risk Management Committee. The Chief Compliance Officer and the Vice President Legal Product & Technical Compliance also report to the Group Risk Management Committee.

The structure of the reporting lines safeguards the compliance officers' independence from the business divisions.

### Compliance risks

We examine and evaluate our Group companies and corporate departments systematically each year in order to minimize compliance risks. In this process we use, for example, centrally available information about the Group companies and corporate departments, such as revenue, business models and relations with business partners. If necessary, other locally sourced information is supplemented. The results of these analyses are the foundation of our compliance risk control.

### Compliance program

Our compliance program comprises principles and measures that are designed to minimize compliance risks and prevent violations of laws and regulations. The individual measures are based on the knowledge gained through our systematic compliance risk analysis. We focus, among other things, on the following aspects: the continuous raising of awareness of compliance issues, the systematic tracking of information received regarding misconduct and the formulation of clear standards for the behavior of our business partners. We address all of these points in greater detail in a later section.

### The whistleblower system BPO

The Business Practices Office (BPO) whistleblower system enables all employees, business partners and external whistleblowers to report misconduct anywhere in the world. The BPO is available around the clock to receive information, which can be sent by e-mail or normal mail or by filling out a special online form. External toll-free hotlines are also available in Brazil, Japan, South Africa and the United States. Reports can also be submitted anonymously if local laws permit this. In Germany, whistleblower reports can also be submitted to an external neutral intermediary in addition to the BPO. The information provided to the whistleblower system BPO enables us to learn about potential risks to the company and its employees and thus to prevent damage to the company and its reputation. A globally valid corporate policy defines BPO procedures and the corresponding responsibilities. This policy aims to ensure a fair and transparent process that takes into account the principle of proportionality for the affected parties, while also giving protection to whistleblowers. It also defines a standard for evaluating incidents of misconduct and making decisions about their consequences. If the initial assessment of an incident categorizes it as a low-risk rule violation, the BPO hands the case over to the responsible unit – for example, the HR department, Corporate Security or Group Data Protection. The

respective unit investigates the incident and deals with the case on its own authority. Examples of low-risk rule violations include theft, breach of trust, and undue enrichment valued at less than €100,000 – if the violation does not fall into the category of corruption.

If the BPO's risk-based initial assessment categorizes an incident as a high-risk rule violation, the BPO hands the case over to an investigation unit. The BPO provides support for the subsequent investigation until the case is closed. Examples of high-risk rule violations include offenses related to corruption, breaches of antitrust law and violations of anti-money laundering regulations, as well as infringements of binding technical provisions or environmental protection regulations. In an effort to constantly increase trust in our whistleblower system and make it even better known to our employees, we use a variety of communication measures. For example, we provide informational materials such as country-specific information cards, pocket guides and an instructional video. We also regularly inform employees about the type and number of reported violations and make case studies available on a quarterly basis.

A total of 53 new cases were opened in 2020. Overall, 42 cases, in which 66 individuals were involved, were closed "with merit." In these cases, the initial suspicion was confirmed. Of these cases, six were in the category "Corruption," two were in the category "technical Compliance" and eight were in the category "Reputational Damage." In 11 cases, accusations of inappropriate behavior of employees toward third parties were confirmed. Seven cases were categorized as "Damage over 100,000 €" The remaining cases fell into other categories. With regard to those cases that are closed "with merit," the company decides on appropriate response measures in line with the principles of proportionality and fairness. The personnel measures taken in the reporting year 2020 included (written) warnings, separation agreements and (extraordinary) terminations.

### Compliance on the part of our business partners

We expect not only our employees to comply with laws and regulations. We also require our sales partners and suppliers to adhere to clear compliance requirements, because we regard integrity and conformity with regulations as a precondition for trusting cooperation. In the selection of our direct sales partners and in our existing sales partnerships, we therefore ensure that our partners comply with laws and regulations and observe ethical principles. In financial year 2020, we refined and made full use of our globally standardized process for the effective and efficient assessment of all new sales partners and the step-by-step re-evaluation of our existing sales partners (Sales Business Partner Due Diligence Process). Our continuous monitoring in this area is designed to ensure that we can identify possible integrity violations by our sales partners. We also reserve the right to terminate cooperation with, or terminate the selection process for, any sales partner who fails to comply with our standards. In addition, we work with our procurement units to continuously improve our processes for selecting and cooperating with suppliers.

Our global Daimler Sustainability Standards apply in this area. On the basis of these standards and our Integrity Code, we make available to each of our suppliers and sales partners a specific Compliance Awareness Module developed with their activities in mind. This module is intended to sensitize them to current integrity and compliance requirements such as those related to anti-corruption measures and technical Compliance. Through these measures we also offer our business partners assistance for dealing with possible compliance risks.

#### **Communication and training**

We offer extensive compliance training courses that are based on our Integrity Code – for example, courses for employees in administrative units and in the compliance and legal affairs departments as well as for members of the Supervisory Board and the executive management. The contents and topics of the training courses are tailored to the roles and functions of the respective target group. We regularly analyze the need for our training program, expand or adapt it as necessary and conduct evaluations.

#### **Monitoring and improvements**

We monitor the processes and measures of our CMS annually and conduct analyses to find out whether our measures are appropriate and effective. For these activities, we rely on information about the Group companies as well as additional locally gathered information. We also monitor our processes regularly on the basis of key performance indicators such as the duration and quality of individual processes. To determine these indicators, we check, among other things, whether formal requirements are being met and whether the content is complete. We also take into account the knowledge gained through internal as well as independent external assessments.

If changed risks or new legal requirements call for adjustments, we adapt our CMS accordingly. The Group companies implement the respective improvement measures on their own authority. They also regularly monitor these measures to determine their effectiveness and continually inform the responsible management committees about the results of their monitoring process.

#### **Anti-corruption compliance**

Daimler has committed itself to fighting corruption – because corruption is harmful to fair competition, society and our Group. Our anti-corruption measures extend beyond compliance with national laws. We also adhere to the rules of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997) and the United Nations Convention against Corruption (2003). Our anti-corruption compliance program is based on our Group-wide CMS. The CMS Anti-corruption was audited in accordance with the 980 standard of the Institute of Public Auditors in Germany by KPMG AG Wirtschaftsprüfungsgesellschaft. This audit, which was based on the principles of appropriateness, implementation and effectiveness was successfully completed at the end of 2019.

#### **Antitrust compliance**

In order to ensure an independent external assessment of our Antitrust Compliance Program, KPMG AG Wirtschaftsprüfungsgesellschaft audited the Compliance Management System for antitrust law in accordance with the 980 standard of the Institute of Public Auditors in Germany. This audit for antitrust law, which was based on the principles of appropriateness, implementation, and effectiveness, was successfully completed at the end of 2016. This program is oriented to national and international standards as well as the regulations and the constant evolution of legal practice for ensuring fair competition. The program establishes a binding, globally valid Daimler standard that defines how matters of antitrust law are to be assessed and how compliance with all of the local and international antitrust laws in force can be ensured. By means of a variety of communication and training measures, a central advisory hotline, guidelines and practical support as well as local legal advisors, we help our employees around the world to recognize situations that might be critical from an antitrust perspective and to act in compliance with all regulations. The results of our annual compliance risk analysis serve as the basis for the formulation of measures that address antitrust risks. In addition to monitoring the management activities that fall within the framework of Group management duties, the legal department conducts corporate audit monitoring measures in order to assess and safeguard the implementation of each respective measure. The assessments make it possible to continuously improve our Antitrust Compliance Program.

#### **Technical Compliance**

For us, technical Compliance means adhering to technical and regulatory requirements, standards and laws. In doing so, we take into account the fundamental spirit of these laws and regulations and we adhere to internal development requirements and processes. Our objective is to identify risks within the product creation process (product development and certification) at an early stage and to implement preventive measures. For this purpose we have established a technical Compliance Management System (tCMS) in our automotive divisions. Its objective is to safeguard compliance with all legal and regulatory requirements throughout the entire product development and certification process. The tCMS defines values, principles, structures and processes in order to provide our employees with guidance and orientation especially with regard to challenging questions on how to interpret technical regulations. Measures such as the Integrity Code, supportive points of contact and the “Speak Up” and “Judgement Calls” commitment statements that have been specially defined for the development units offer support in this area. The commitment statements provide employees with a basis for a common understanding of responsible behavior in the product creation process.

In order to ensure an independent external assessment of our tCMS, KPMG AG Wirtschaftsprüfungsgesellschaft audited the tCMS with focus on emissions in accordance with the 980 standard of the Institute of Public Auditors in Germany. This audit with focus on emissions was based on the principles of appropriateness, implementation and effectiveness, and was successfully completed at the end of 2020.

### Data compliance

Connectivity and digitalization will have a major impact on mobility in the future. The responsible handling and protection of data that is created and stored by these digital systems is a top priority at Daimler.

The regulatory requirements relating to data protection have become significantly more stringent in recent years. The strict requirements of the General Data Protection Regulation (GDPR) are valid not only in the European Union but also beyond it. Meanwhile, many countries all over the world that are relevant to Daimler's business operations have tightened up their local data protection laws. We are addressing the increased regulatory requirements by means of our Group-wide Data Compliance Management System (Data CMS), which along with our Data Vision and our Data Culture is a fundamental component of our overarching Data Governance System.

The Data CMS, which combines all Group-wide measures, processes and systems for ensuring data compliance, is based on the existing Daimler CMS. The Data CMS supports the systematic planning, implementation and monitoring of compliance with data protection requirements.

### Anti-financial crime compliance

Money laundering and the financing of terrorism cause tremendous damage – to the economy and society in equal measure. Even an accusation of money laundering can compromise our reputation and have financial consequences for us as well as our shareholders and stakeholders. For this reason, the prevention of money laundering and the implementation of anti-money laundering measures have been defined as central compliance goals in our Integrity Code. To this end, we employ an integrated compliance approach. Before we implement measures to prevent money laundering, we check against current sanctions lists. On the one hand, through these measures we prevent criminals from evading supranational and national sanctions; on the other, we enhance the effectiveness of our measures to prevent money laundering, the financing of terrorism, organized crime and other types of corporate crime.

### Social compliance

As an internationally operating company, we too bear responsibility for ensuring respect for and safeguarding of human rights along our entire value chain. We actively proceed here and conduct risk-based and systematic monitoring to ensure that human rights are upheld at our own companies and our suppliers. In order to procure raw materials in a responsible manner, we also work together with associations, organizations and other companies in multiple various projects and initiatives.

To ensure that human rights are respected and safeguarded, we have developed an in-house due diligence approach called the Human Rights Respect System (HRRS). We use this system to monitor human rights risks within our own Group companies, at our direct suppliers (Tier 1) and at suppliers beyond the Tier 1 level on the basis of potential risks.

The HRRS encompasses four steps: risk assessment, program implementation, monitoring and reporting. It is designed to systematically identify and avoid risks and possible negative effects of our business activities on human rights early on, to avoid them and, if necessary, to initiate adequate measures. In addition to protecting the company, the HRRS thus also primarily protects third parties, the so-called rights holders.. External stakeholders are regularly involved as we continue to expand the HRRS step by step. Among other things, we hold talks with international NGOs concerning the human rights risks arising from the extraction of certain raw materials, and we also organize the annual Daimler Sustainability Dialogue ([🌐 daimler.com/documents/sustainability/other/sd2020-overall-plenary-reports-working-groups-en.pdf](https://www.daimler.com/documents/sustainability/other/sd2020-overall-plenary-reports-working-groups-en.pdf)). At this event, we annually discuss and evaluate our progress as well as the challenges that arise during the implementation of our management approach. The respective departments then evaluate the results and the ideas provided by the stakeholders and incorporate them into their work processes.

As part of the integration of the HRRS into the Group-wide Compliance Management System, the Group companies in which Daimler has a majority share are examined for possible human rights-related risks, analogously to other compliance fields such as anti-corruption. In the first step, we classify the Group companies according to fixed criteria, including country-specific and business-specific risks. The focus is on the most important human rights issues that have been identified for the Group companies, including employee rights, diversity and safety. In the process, we take into account fundamental human rights standards such as those defined in the Universal Declaration of Human Rights and those of the International Labour Organization (ILO). On this basis we conduct a more thorough analysis every year with the help of a survey regarding human rights and use the findings to derive packages of risk-specific measures.

During the reporting period, this newly developed method was used for the first time at high-risk Group companies. The local compliance officers, who are part of our global compliance network, provide assistance for the human rights survey at the Group companies. In order to obtain useful insights from the survey, the compliance experts were trained in advance in an in-depth online training that was tailored to their needs. This training enabled them to recognize the human rights risks of our focal areas. It allowed us to identify the specific local risks and explore them further in discussions with the compliance officers of the respective Group companies. The results of this more in-depth risk analysis are correspondingly documented and incorporated into the development of targeted measures for minimizing human rights risks. We plan to continuously refine this analysis in the years ahead and to expand it to all Group companies in which we have a majority stake. Coupled with this is the development of risk-specific packages of measures that we will supply to the respective Group companies in line with their risk classification. They provide a systematic means of preventing human rights risks.

We pay special attention to our upstream supply chain of production materials. Here it is especially important to identify and avoid potential human rights risks and negative effects early on.

The key human rights risks that we have identified for the supply chain are reflected in the standards for our suppliers (Daimler Supplier Sustainability Standards) and, among other things, encompass child labor, forced labor and employee rights. In a more in-depth risk analysis, we also further specify and delimit raw material-specific focal topics. The specific risks can differ, depending on a product's processing stage within the supply chain (e.g. mine, refinery, processing plant or plantation). For example, we have identified child labor, health and safety as the most urgent human rights risks for cobalt, while the risks associated with the procurement and processing of lithium are largely related to rights that are affected by the extensive use of water at the procurement locations. We are also closely cooperating with relevant stakeholders in raw material supply chains in order to help improve working conditions and prevent human rights violations in raw material mining operations. Important platforms here include raw material initiatives such as the Initiative for Responsible Mining Assurance (IRMA), which we joined during the reporting year. They provide cross-sector mechanisms such as auditing standards and certification systems that help, among other things, to make it possible to trace the origins of materials such as cobalt, iron ore and bauxite, which is necessary for producing aluminum.

We want to continue to make recognizable progress on this important topic. Respect for and protection of human rights is therefore one of the focal topics of our sustainable business strategies. We have set measurable goals that we consistently pursue.

Within the framework of an advanced risk assessment, we have identified 27 service areas and 24 raw materials whose use, extraction and further processing pose potentially critical human rights risks. Our objective for the period through 2028 is to define and implement appropriate measures for addressing 100% of our production raw materials that harbor a higher risk of human rights violations. By the end of 2020, we had planned to assess 20 percent of all highest-risk raw materials. This figure is set to rise to 70 percent by 2025. Improving the transparency and traceability within our supply chains is fundamental to these efforts. Through these improvements we aim to identify potential risks and negative effects early on. Our assessment process basically consists of three steps. We want to:

1. Create transparency along the raw materials supply chains for certain focus components, such as battery cells,
2. Identify risk hotspots in these supply chains, and
3. Define and implement measures that address the risk hotspots.

By the end of 2020 we had assessed 24% of all high-risk raw materials.

These are our long-term goals:

- In the first step regarding our services supply chains, our goal is to conduct an initial review in the period through 2021 of 100% of our service product groups that pose a high risk of human rights violations.
- Our objective for the period through 2025 is to review 70% of all the high-risk production raw materials we use that pose a high risk of human rights violations and to define any necessary improvement measures.
- Our objective for the period through 2028 is to define and implement appropriate measures for addressing 100% of our production raw materials that harbor a higher risk of human rights violations.

Further information can be found in the Daimler Sustainability Report 2020, available from the end of March 2021 at [sustainabilityreport.daimler.com](https://www.daimler.com/sustainabilityreport)