

Social issues

As a global automotive company, we operate in an environment that is subject to a variety of societal, social and political influencing factors. In order to ensure that we can continue to operate effectively in the future, we need to make our company's interests understandable to governments and society and also address the concerns of groups within society. We therefore regularly share information with our stakeholders and communicate our interests in an open and fair dialog with governments and political representatives.

Human beings can only overcome the major social and environmental challenges we face, such as climate change and increasing urbanization, by working together. We at Daimler strive to achieve such cooperation by contributing our expertise to the social dialog and by working together with others to create solutions. We are guided by the vision of utilizing exemplary formats for political dialog that allow us to establish ourselves as a leading corporate citizen in the automotive industry. The overarching goal of our approach is to harmonize the company's interests with the interests of society at large. The specific aim of our discussions with political decision-makers is to achieve greater planning security for Daimler.

Daimler has defined its own principles for political dialog and the responsible communication of our interests. Among other things, we maintain political restraint, balance and neutrality in our dealings with political parties, members of parliament and government officials. Our central coordinating body for political dialog at the national and international levels is the External Affairs and Public Policy unit.

We use various instruments to ensure that our political lobbying is carried out in accordance with applicable regulations and ethical standards. In our work as a member of sector associations and in our cooperation with other companies, we pay particular attention to antitrust regulations. We have also defined internally binding requirements that are laid down in various documents including a worldwide policy and the Group's Integrity Code. In addition, our policy for "Lobbying and Political Donations" governs grants, donations to political parties, and the use of other instruments for representing our interests in the political realm. Our employees can find these policies in the policy database on the intranet. Daimler is also listed in the transparency register of the European Union and accepts the register's Code of Conduct.

The policies mentioned above also define how we intend to address risks in connection with the political representation of our interests. These risks are also addressed through firmly established Group-wide compliance processes. Complaints and information relating to our lobbying activities can be addressed to our whistleblower system BPO (Business Practices Office) see the chapter [Integrity and Compliance](#).

In accordance with the legal requirements and our in-house policies, we also regularly conduct training courses. We train not only employees at Daimler Group companies but also other employees at Daimler AG who represent our interests and who are not organizationally under the direction of the External Affairs unit.

Incorporation of stakeholders

We consider it important to engage in a continuous dialog with all of our interest groups. This allows us to consider various perspectives on our involvement with sustainability issues, identify and address new trends, and share experiences. We also want to engage in constructive discussions of controversial themes at a very early stage. We always focus on conducting a dialog that is fruitful and productive for all parties involved. Our primary stakeholders are our customers, investors, employees and suppliers. However, we also communicate regularly with civil groups such as NGOs, as well as associations, trade unions, the media, analysts, municipalities, residents in the communities where we operate, and representatives of science and government.

We utilize various instruments to engage in a dialog with our relevant stakeholders. On the one hand, we use our own dialog formats, which include the Daimler Sustainability Dialogue and the virtual Mobility Lab dialog series. We also conduct stakeholder surveys, specialist conferences and thematic dialog sessions that can also take the form of workshops or are held by our Advisory Board for Integrity and Corporate Responsibility. On the other hand, we keep ourselves up to date on the latest discussions and the associated expectations by participating in industry-specific and cross-industry networks and initiatives. We also evaluate studies and other scientific publications and conduct our own media analyses. These measures help us to identify developments and the associated expectations in areas beyond the dialog events we have initiated.

Dialog at the Group level

One essential tool of the dialog with our stakeholders is the Daimler Sustainability Dialogue, which has been held annually in Stuttgart since 2008 and brings various stakeholder groups together with members of the Daimler Board of Management and executive management. The participants attend a range of workshops, where they discuss issues related to sustainability and work together to further develop their approaches. Our personnel responsible for specific themes take up the impulses generated by the participants and work together with the stakeholders to incorporate these ideas into their work. They then report at the event in the following year on the progress made in the interim. Due to the covid-19 pandemic, we held our Daimler Sustainability Dialogue via a digital meeting platform for the first time in 2020. More than 200 external and Daimler participants split up into working groups to discuss themes such as human rights, environmental protection, livable cities and the topic of "Employees and Integrity." Further information on the Daimler Sustainability Dialogue and the results from the working groups is available at [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)

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Examples of instruments of stakeholder dialog

Information	Dialog	Participation
<ul style="list-style-type: none"> - Daimler Sustainability Report as well as regional reports (such as the Daimler China Sustainability Report) - Environmental declarations by the plants - Press and public-relations work - Corporate website - Blogs and social media - Social intranet and internal communication - Plant tours, receptions, Mercedes-Benz Museum 	<ul style="list-style-type: none"> - Annual "Daimler Sustainability Dialogue" (Germany/regions) - Local dialog with residents and municipalities - Internal dialog sessions on integrity and compliance - Daimler Supplier Portal - Membership of sustainability initiatives and networks - Collaboration in the BDI workgroup on artificial intelligence - Specialist conferences on societal topics and debates - Topic- and project-related discussions - Dialog formats on future-oriented questions: think tanks, hackathons, ideation challenge 	<ul style="list-style-type: none"> - Stakeholder consultation in topic-related working groups - Advisory Board for Integrity and Corporate Responsibility - Peer review within the framework of sustainability initiatives such as the UN Global Compact

As a global company, we have set ourselves the goal of ensuring sustainability at our business units and specialist units around the world. For this reason, we organize Daimler Sustainability Dialogue events in other countries and regions as well. During the reporting year, more than 300 stakeholders attended the eighth Daimler Sustainability Dialogue in China, which was virtual for the first time as well. At the event, they discussed topics such as green manufacturing, urban mobility and social responsibility.

In 2020, we established the Daimler Mobility Lab (DML) in Berlin. This is a new platform for a public dialog with citizens, government, business and industry, and NGOs. At the DML, we discussed current issues with stakeholders and worked with them to find answers to social and environmental questions. The focus was on sustainability, electric mobility, digitalization and urbanization, and the impact these issues have on society. Various formats were utilized at different locations in Berlin. These included an internal series of talks on the topic of "Transformation in the New Normal," as well as panel discussions on "The Future of Urban Mobility in the New Normal."

The Advisory Board for Integrity and Corporate Responsibility has been an important source of input for sustainability activities at Daimler since 2012. The board's members – independent external experts from the fields of science and business, as well as from civic organizations – offer us constructive criticism in questions related to integrity and corporate responsibility at Daimler. The board meets at regular intervals and also holds discussions with members of the Board of Management and responsible personnel from the specialist units. During the year under review, the Advisory Board also held a joint meeting with representatives from the Supervisory Board. The Advisory Board's members have extensive experience and possess diverse specialized knowledge regarding environmental and social policy, various human rights and ethical issues, and the development of transport, traffic and mobility. During the reporting year, the Advisory Board focused in particular on the transformation of the automotive industry, the further development of Daimler's sustainable business strategies and the handling of the covid-19 pandemic.

Daimler also maintains regular contact with representatives from civic organizations and other companies. In addition to the dialogs we initiate, we also participate in various associations, committees and sustainability initiatives. Some of the

most important initiatives here are the UN Global Compact, econsense – German Business Forum for Sustainable Development, and the World Business Council for Sustainable Development. Further information on our memberships in various organizations can be found here: sustainabilityreport.daimler.com/2019/servicepages/downloads/files/daimler_2019_memberships.pdf

Political dialog and representation of interests

The specific aim of our discussions with political decision-makers is to achieve greater planning security for Daimler. During the reporting year, we focused on the following issues in particular:

- Achieving climate targets and improving air quality
- Making cities more livable places
- Improving traffic safety
- Establishing standards for human rights due diligence
- Creating transparency with regard to sustainable financing
- Solving location-specific issues through discussions
- Promoting free and fair trade
- Modernizing labor laws

Daimler did not make any financial or non-financial contributions to political parties during the reporting year. This decision was not based on current political or economic events.

Traffic safety

Accident-free driving – this vision drives us and is a firm component of our sustainable business strategies. Our innovative driving assistance systems already offer drivers and passengers a high level of safety and comfort today. These systems can help drivers avoid or safely manage critical situations on the road in order to protect vehicle occupants and other road users. System warnings and active brake applications are now increasingly mitigating the consequences of accidents or even preventing them altogether.

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.