

Commitments upon termination of service

Retirement provision

In 2012, Daimler introduced a new company retirement benefit plan for new entrants and new appointments for employees paid according to collective bargaining wage tariffs as well as for executives: the “Daimler Pensions Plan.” This retirement benefit system features the payment of annual contributions by Daimler and is oriented toward the capital market. Daimler merely makes a commitment to guarantee the total of contributions paid, which are invested in the capital market according to a precautionary investment concept.

The Supervisory Board of Daimler AG has approved the application of this system for all members of the Board of Management newly appointed since 2012. The amount of the annual contributions results from a fixed percentage of the base salary (2020: without taking into account the voluntary salary waiver) and the total annual bonus for the respective financial year calculated as of the balance sheet date. This percentage is currently 15%. This calculation takes into consideration the maximum level of retirement provision for each Board of Management member – also according to the period of membership – and the resulting annual and long-term expense for the Company. The contributions to the retirement provision are granted until the age of 62. The benefit from the Daimler Pensions Plan is payable in the committed amount (sum of the capital components credited including interest) to surviving Board of Management members at the earliest at the age of 62, irrespective of their age upon retirement. If a member of the Board of Management retires due to disability, the benefit is paid as a disability pension, even before the age of 62.

The Pension Capital system was used from the beginning of 2006 until the end of 2011. Existing pension agreements of active Board of Management members at the beginning of this period were adjusted correspondingly. All Board of Management members newly appointed during that period were subject exclusively to the Pension Capital system.

Under this system, each Board of Management member is credited with a capital component each year. This capital component comprises an amount equal to 15% of the sum of the Board of Management member’s fixed base salary and the total annual bonus for the respective financial year on the balance sheet date, multiplied by an age factor equivalent to a rate of return of 6% until 2015 and 5% from 2016 (Wilfried Porth: 5% for all years). These contributions to pension plans are granted only until the age of 60. The benefit from the pension capital is payable in the committed amount (sum of the capital components credited including interest) to surviving Board of Management members at the earliest at the age of 60, irrespective of their age upon retirement. If a member of the Board of Management retires due to disability, the benefit is paid as a disability pension, even before the age of 60.

Payments under the Pension Capital system and the Daimler Pensions Plan can be made in three ways:

- as a single amount;
- in twelve annual installments, whereby interest accrues on each partial amount from the time payments commence until the payout is complete (Pension Capital 6% or 5%; Daimler Pensions Plan in accordance with applicable law);
- as an annuity with annual increases (Pension Capital 3.5% or in accordance with applicable law; Daimler Pensions Plan in accordance with applicable law).

The contracts specify that if a Board of Management member passes away before retiring for reason of age, the spouse/registered civil partner or dependent children is/are entitled to the full committed amount in the case of the Pension Capital system, and to the credit amount reached plus an imputed amount until the age of 62 in the case of the Daimler Pensions Plan. If a Board of Management member passes away after retiring for reason of age, in the case of payment of twelve annual installments the heirs are entitled to the remaining present value. In the case of a pension with benefits for surviving dependents, the spouse/registered partner or dependent children is/are entitled to 60% of the discounted terminal value (Pension Capital), or the spouse/registered civil partner is entitled to 60% of the actual pension (Daimler Pensions Plan).

Until the end of 2005, the pension agreements of Board of Management members included a commitment to an annual retirement pension, calculated as a proportion of the former base salary and depending on the number of years of service; an analogous implementation of this commitment for the corresponding hierarchical level applied to Wilfried Porth for the period prior to his serving as a member of the Board of Management. Such pension claims remained in effect after the conversion to the Pension Capital system but were frozen at the level reached at the beginning of 2006.

Payments of these pension claims start upon request when the term of service ends at or after the age of 60, or are paid as disability pensions if the term of service ends before the age of 60 due to disability. The respective agreements provide for 3.5% annual increases starting when benefits are received (with the exception that Wilfried Porth’s benefits are adjusted in accordance with applicable law). The agreements guarantee the spouse/registered civil partner of a deceased Board of Management member 60% of that member’s pension.

That amount can increase by up to 30 percentage points depending on the number of dependent children.

Departing Board of Management members are also provided with a company car, in some cases for a defined period.

Service costs for pension obligations to Board of Management members in accordance with IFRS amounted to €2.1 million in financial year 2020 (2019: €2.0 million). The present value of the total defined benefit obligation according to IFRS amounted to €31.6 million as of December 31, 2020 (2019: €32.9 million). Taking age and period of service into account, the individual entitlements, service costs and present values are shown in the table. [↗ B.56](#)

B.56**Individual entitlements, service costs and present values for members of the Board of Management**

		Annual pension (as regulated until 2005) as of age 60	Service cost (for pension, pension capital and Daimler Pensions Plan)	Present value ¹ of obligations (for pension, pension capital and Daimler Pensions Plan)
In thousands of euros				
Ola Källenius	2020	–	520	4,378
	2019	–	261	4,062
Martin Daum	2020	–	250	3,993
	2019	–	250	3,738
Renata Jungo Brüngger	2020	–	252	1,840
	2019	–	254	1,655
Wilfried Porth	2020	156	–	12,684
	2019	156	–	12,130
Markus Schäfer ²	2020	–	254	2,720
	2019	–	155	2,425
Britta Seeger	2020	–	256	2,231
	2019	–	254	1,995
Hubertus Troska	2020	–	250	3,383
	2019	–	250	6,028
Harald Wilhelm ³	2020	–	291	325
	2019	–	218	134
Bodo Uebber ⁴	2020	–	–	–
	2019	–	362	–
Dr. Dieter Zetsche	2020	–	–	–
	2019	–	–	–
Total	2020	156	2,073	31,554
	2019	156	2,004	32,167

1 The amounts of the present values are primarily due to the low level of the relevant discount rate.

2 2019: Markus Schäfer pro rata from May 22, 2019.

3 2019: Harald Wilhelm pro rata from April 1, 2019.

4 2019: Bodo Uebber pro rata until May 22, 2019.

Early termination of service

The durations of the contracts of service of the members of the Board of Management correspond to their terms of appointment.  [The Board of Management](#)

In the case of unilateral early termination without an important reason, Board of Management service contracts include commitments to payment of the base salary and provision of a company car until the end of the original service period at a maximum. Such persons are only entitled to payment of the annual bonus pro rata for the period until the end of the membership in the Board of Management. Entitlement to payment of the performance-related components of remuneration with a long-term incentive effect (PPSP) that has already been allocated is defined by the conditions of the respective plans. To the extent that the payments described above are subject to the provisions of the severance cap of the German Corporate Governance Code as amended on December 16, 2019, their total including fringe benefits is limited to double the annual remuneration and may not exceed the total remuneration for the remaining period of the service contract.

In the event of an early termination of the service contract, both the short-term and the delayed medium-term component (deferral) of the annual bonus, and the proceeds from the long-term PPSP, are paid out not when the contract is terminated but instead at the points in time agreed upon in the service contract or in the terms and conditions of the PPSP plan. There are no assurances for cases in which membership in the Board of Management is terminated early because of a change of control or assurances for compensation in the case of dismissal.

Sideline activities of Board of Management members

The members of the Board of Management should accept management board or supervisory board positions and/or any other administrative or honorary functions outside the Group only to a limited extent. Furthermore, they require the consent of the Supervisory Board before commencing any sideline activities. This ensures that neither the time required nor the remuneration paid for such activities leads to any conflict with the members' duties to the Group. Insofar as such sideline activities are memberships of statutory supervisory boards or comparable boards of business enterprises, they are disclosed in the notes to the annual financial statements of Daimler AG, which are published on our website. In general, Board of Management members have no right to separate remuneration for board positions held at other companies of the Group.

Loans to members of the Board of Management

In 2020, no advances or loans were made or abated to members of the Board of Management of Daimler AG.

Payments made to former members of the Board of Management of Daimler AG and their survivors

Payments made in 2020 to former members of the Board of Management of Daimler AG and their survivors amounted to €26.0 million (2019: €19.5 million). Pension provisions according to IFRS for former members of the Board of Management and their survivors amounted to €362.5 million as of December 31, 2020 (2019: €355.8 million).