

## Composition and mode of operation of the Supervisory Board and its committees

### Supervisory Board

In accordance with the German Codetermination Act (MitbestG), the Supervisory Board of Daimler AG comprises 20 members. Half of them are elected by the shareholders at the Shareholders' Meeting. The other half comprises members who are elected by the Group's employees who work in Germany. The members representing the shareholders and the members representing the employees are equally obliged by law to act in the Company's best interests.

Information on the curricula vitae of the members of the Supervisory Board and their other memberships is posted on our website at [daimler.com/dai/sb](https://daimler.com/dai/sb). The Supervisory Board is to be composed so that its members together are knowledgeable about the business sector in which the Company operates and also dispose of the knowledge, skills and specialist experience that are required for the proper execution of their tasks. According to the law on the equal participation of women and men in executive positions, at least 30% of the members of the Supervisory Board of Daimler AG must be women and at least 30% must be men. The details are described in a separate section in this declaration on corporate governance. With regard to its composition, the Supervisory Board has also created an overall requirements profile consisting of a skills profile and a diversity concept, including an age limit, to be applied to the entire Supervisory Board. The details on the overall requirements profile are also summarized in a separate section in this declaration. Proposals by the Supervisory Board of candidates for election by the Shareholders' Meeting as members representing the shareholders of Daimler AG, for which the Nomination Committee makes recommendations, aim to fulfill the overall requirements profile of the Supervisory Board as a whole.

The members of the Supervisory Board attend on their own responsibility courses of training and further training that might be necessary for the performance of their tasks, and are supported by the Company in doing so. Such courses may address corporate governance, changes brought about by new legislation, or the launch of new products and pioneering technologies, for example. New members of the Supervisory Board are offered an "onboarding" program that gives them the opportunity to exchange views with members of the Board of Management and other executives on current issues related to the various areas of responsibility of the Board of Management, and thus to obtain an overview of important topics at the Group.

The Supervisory Board monitors and advises the Board of Management with regard to its management of the Group. At regular intervals, the Board of Management reports to the Supervisory Board on the strategy of the divisions, corporate planning, revenue development, profitability, business development and the situation of the Group, as well as on the internal control system, the risk management system and compliance matters. The Supervisory Board has retained the right of approval for transactions of fundamental importance. Furthermore, the Supervisory Board has specified the information and reporting duties of the Board of Management to the Supervisory Board, to the Audit Committee and – between the meetings of the Supervisory Board – to the Chairman of the Supervisory Board.

The Supervisory Board's duties include appointing and, if necessary, recalling the members of the Board of Management. In the past, initial appointments were usually made for a maximum period of three years. Beginning in 2021, this maximum term will apply to all initial appointments. In accordance with German legislation on equal participation by women and men in executive positions, the Supervisory Board has defined a target for the proportion of women on the Board of Management and a deadline for achieving this target. The details are described in a separate section in this declaration on corporate governance. With regard to the composition of the Board of Management, the Supervisory Board has also adopted a diversity concept that is embedded in an overall requirements profile. The details of this concept are also described in a separate section in this declaration.

The Supervisory Board decides on the system of remuneration for the Board of Management, reviews it regularly, and on this basis determines the total individual remuneration of each member of the Board of Management. In this process, it considers a comparison with an appropriate peer group at other companies, as well as the ratio of Board of Management remuneration to the remuneration of the senior executives and the workforce as a whole, also with regard to development over time. For this comparison, the Supervisory Board has defined the senior executives by applying Daimler's internal terminology for the hierarchical levels and has defined the workforce of Daimler AG in Germany as the relevant workforce. Variable components of remuneration are generally based on an assessment period that lasts several years and is essentially future-oriented. Multi-year variable remuneration components are not paid out until they come due. The Supervisory Board has set upper limits for individual Board of Management remuneration in total and with regard to its variable components. The remuneration system for the Board of Management was approved by the Annual Shareholders' Meeting in 2020 with a majority of 95.33%. Further information on Board of Management remuneration can be found in the [Remuneration Report](#).

The Supervisory Board reviews the annual financial statements, the consolidated financial statements and the combined management report of the Company and the Group, as well as the proposal for the appropriation of distributable profits. Following discussions with the external auditors and taking into consideration the audit reports of the external auditors and the results of the review by the Audit Committee, the Supervisory Board states whether, after the final results of its own review, any objections are to be raised. If that is not the case, the Supervisory Board approves the financial statements and the combined management report. Upon being approved, the annual financial statements are adopted. The Supervisory Board reports to the Annual Shareholders' Meeting on the results of its own review and on the manner and scope of its supervision of the Board of Management during the previous financial year. The [Report of the Supervisory Board](#) for financial year 2020 is available in this Annual Report and on the Internet at [daimler.com/dai/sb](https://daimler.com/dai/sb).

The Supervisory Board has given itself a set of rules of procedure, which regulate not only its duties and responsibilities and the personal requirements placed upon its members, but above all the convening and preparation of its meetings and the procedure of passing resolutions. These rules of procedure also contain provisions on how to avoid conflicts of interest.

The rules of procedure of the Supervisory Board can be viewed on our website at [daimler.com/dai/rop](https://daimler.com/dai/rop).

The Supervisory Board meetings during the reporting period once again included executive sessions on a regular basis for discussions of individual topics in the absence of the members of the Board of Management. The Supervisory Board members can also take part in the meetings by means of conference calls or video conferences. Due to the covid-19 pandemic, these participation options had to be used more frequently during financial year 2020, although this type of participation would otherwise remain the exception.

The Supervisory Board regularly assesses how effectively the Supervisory Board and its committees perform their tasks. In financial year 2020 the Supervisory Board conducted an externally moderated self-assessment. An online survey and supplemental interviews that covered all of the main aspects of the work of the Supervisory Board and its committees were conducted for this process. The results of this self-assessment, which the Supervisory Board studied in depth at its meeting on February 17, 2021, confirmed the professional, very good and very trusting cooperation within the Supervisory Board and with the Board of Management. It did not reveal any fundamental need for change.

Independently of the Supervisory Board's efficiency review, the Audit Committee also again conducted a self-assessment of its own activities on the basis of an extensive company-specific questionnaire in 2020. The results of this self-assessment were once again very positive and were presented and discussed in the meeting of the Audit Committee on February 17, 2021. This process did not determine a need for change.

On December 31, 2020, the Supervisory Board had, in addition to the legally required Mediation Committee, four additional committees that perform to the extent legally permissible the tasks assigned to them in the name of and on behalf of the entire Supervisory Board. The committee chairpersons report to the entire Supervisory Board on the committees' work at the latest in the meeting of the Supervisory Board following each committee meeting. The Supervisory Board has issued rules of procedure for each of its committees. Those rules of procedure can be viewed on our website at [daimler.com/dai/rop](https://daimler.com/dai/rop). Information on the current composition of these committees can be viewed at [daimler.com/dai/sbc](https://daimler.com/dai/sbc).

### Presidential Committee

The Presidential Committee is composed of the Chairman of the Supervisory Board, Dr. Manfred Bischoff (who is also the Committee Chairman), his Deputy, Michael Brecht, and two other members, who are elected by the Supervisory Board. During the reporting period, these two additional members were Dr. Jürgen Hambrecht and Roman Zitzelsberger.

The Presidential Committee makes recommendations to the Supervisory Board on the appointment of members of the Board of Management, taking into account the overall requirements profile the Supervisory Board has defined to be filled, including the diversity concept, as well as the Supervisory Board's target for the proportion of women on the Board of Management. It submits proposals to the Supervisory Board on the design of the remuneration system for the Board of Management and on the appropriate total individual remuneration of its members. The Presidential Committee is also responsible for the Board of Management members' contractual affairs. In addition, it decides on the granting of approval for sideline activities of the members of the Board of Management, and once a year submits to the Supervisory Board for its approval a complete list of the sideline activities of each member of the Board of Management.

In addition, the Presidential Committee consults and decides on questions of corporate governance, on which it also makes recommendations to the Supervisory Board. It supports and advises the Chairman of the Supervisory Board and his Deputy and prepares the meetings of the Supervisory Board within the limits of its responsibilities.

The independent ESG experts of the Advisory Board for Integrity and Corporate Responsibility ([Non-Financial Declaration](#)) communicate with members of the Presidential Committee. As they come from the fields of science and business, as well as from civic organizations, these experts utilize an external point of view to offer critical and constructive support for the integrity and corporate responsibility process at Daimler. They have extensive experience with issues relating to ethical conduct and transportation and environmental policy. As important providers of new ideas, they contribute their various viewpoints to discussions, involving, among other things, the ethical aspects of autonomous driving, the methods for measuring progress with integrity-related issues, and external perspectives concerning the current debate about emissions and Daimler's approach to protecting human rights.

### Nomination Committee

During the reporting period, the Nomination Committee was composed of three members, who were elected by a majority of the votes cast by the members of the Supervisory Board representing the shareholders. With effect from January 1, 2021, the Chairman of the Supervisory Board, by virtue of the Rules of Procedure, is member and chairman of the Nomination Committee while two more members are still to be elected by a majority of the votes cast by the members of the Supervisory Board representing the shareholders. The members in financial year 2020 were Dr. Manfred Bischoff (Chairman of the Nomination Committee), Sari Baldauf and, until July 8, 2020, Dr. Paul Achleitner; Dr. Bernd Pischetsrieder was a member from July 9, 2020, on. The Nomination Committee is the only Supervisory Board committee that consists solely of members representing the shareholders. It makes recommendations to the Supervisory Board concerning persons to be proposed for

election as members of the Supervisory Board representing the shareholders at the Shareholders' Meeting. In doing so, the Nomination Committee takes into consideration the requirements of German law on equal participation of women and men in executive positions and also strives to ensure the fulfillment of the overall requirements profile, including the skills profile, for the entire Supervisory Board.

#### **Audit Committee**

The Audit Committee is composed of four members, who are elected by a majority of the votes cast by the members of the Supervisory Board. The members of the Audit Committee in financial year 2020 were shareholder representatives Dr. Clemens Börsig (Chairman of the Audit Committee) and Joe Kaeser and employee representatives Michael Brecht and Ergun Lümali.

Both the Chairman of the Audit Committee, Dr. Clemens Börsig, and the other shareholder representative on the Audit Committee, Joe Kaeser, fulfill the criteria for independence and have expertise in the field of financial reporting, as well as special knowledge and experience with regard to auditing and methods of internal control.

The Audit Committee deals with the supervision of the accounting and its process as well as with the annual audit. At least once a year, it discusses with the Board of Management the effectiveness and functionality of the internal control and risk management system, the internal auditing system and the compliance management system. It regularly receives reports on the work of the Internal Auditing department and the Compliance Organization. At least four times a year, the Audit Committee receives a report from the whistleblower system BPO (Business Practices Office) on complaints and information about any breaches of regulations or guidelines by high-level executives, as well as violations by other employees of the regulations in a defined catalog of legal provisions. It regularly receives information about the handling of these complaints and notifications.

The Audit Committee discusses with the Board of Management the interim reports before they are published. On the basis of the report of the external auditors, the Audit Committee reviews the annual company financial statements and the annual consolidated financial statements, as well as the management report of the Company and the Group, and discusses them with the external auditors. The Audit Committee makes a proposal to the Supervisory Board on the adoption of the annual company financial statements of Daimler AG, on the approval of the annual consolidated financial statements, and on the appropriation of profits. The Committee also makes recommendations for the Supervisory Board's proposal on the election of external auditors, assesses those auditors' suitability, qualifications and independence, and, after the external auditors are elected by the Annual Shareholders' Meeting, it engages them to conduct the audit of the consolidated financial statements and the annual financial statements and to review the interim reports, negotiates an audit fee, and determines the focus of the annual audit. The external auditors report to the Audit Committee on all accounting matters that might be regarded as critical and on any material weaknesses of the internal control and risk management system with regard to accounting that might be discovered during the audit.

Finally, the Audit Committee approves in advance permitted services that are not directly related to the annual audit and which are provided by the firm of external auditors or its affiliates to Daimler AG or to companies of the Daimler Group.

#### **Legal Affairs Committee**

The Legal Affairs Committee is composed of six members, who are elected by a majority of the votes cast by the members of the Supervisory Board. The members of the Legal Affairs Committee during the reporting period were shareholder representatives Dr. Clemens Börsig (Chairman of the Legal Affairs Committee), Dr. Manfred Bischoff and Marie Wieck and employee representatives Michael Brecht, Michael Häberle and Sibylle Wankel. The committee coordinates the exercise and performance of the rights and obligations of the Supervisory Board with regard to ongoing legal proceedings relating to emissions regulations and antitrust law with which Daimler AG and Group companies are confronted. It also prepares and recommends associated resolutions for adoption by the Supervisory Board. Within the framework of the agreement in principle reached in the reporting period with various US authorities concerning the settlement of civil and environmental law proceedings in connection with the emissions control systems of certain diesel vehicles, the Committee was assigned additional tasks and granted expanded decision-making authority with regard to fulfilling the obligations stipulated in the agreements in principle. These additional tasks include the control and supervision of the Post Settlement Audit Team that was set up as part of this agreement in principle.

#### **Mediation Committee**

As prescribed by law, the Mediation Committee is composed of the Chairman of the Supervisory Board, Dr. Manfred Bischoff, and his Deputy, Michael Brecht, as well as one member of the Supervisory Board representing the employees and one member of the Supervisory Board representing the shareholders, each elected with a majority of the votes cast by the shareholders' and employees' representatives, respectively. During the reporting period, these two additional members were Dr. Jürgen Hambrecht for the shareholders and Roman Zitzelsberger for the employees. The Mediation Committee is formed solely to perform the function laid down in Section 31 Subsection 3 of the German Codetermination Act (MitbestG). As in previous years, the Mediation Committee did not have to take any action in financial year 2020.