

Report of the Audit Committee

Dear Shareholders,

As Chairman of the Audit Committee, I am very pleased to report to you on the tasks and activities performed by that body in financial year 2020.

Responsibility

On the basis of applicable law, the German Corporate Governance Code and the Rules of Procedure of the Supervisory Board and its committees, the Audit Committee deals primarily with questions of accounting, financial reporting and non-financial reporting. In addition, it deals with the annual audit and reviews the qualifications and independence of the external auditors. Furthermore, it discusses the effectiveness and functional capabilities of the risk management system, the internal control system, the internal auditing system and the compliance management system. After the external auditors are elected by the Annual Shareholders' Meeting, the Audit Committee engages the external auditors to conduct the annual audit and the auditors' review of interim financial statements. Furthermore, the Audit Committee determines the important audit issues and negotiates the audit fees with the external auditors. The Audit Committee also commissions the external auditors to carry out a voluntary examination of the non-financial report within the framework of a limited assurance engagement and to audit the non-financial declaration as part of the Management Report.

Equal representation

Audit Committee Chairman Dr. Clemens Börsig and Joe Kaeser served as the shareholder representatives on the Audit Committee in financial year 2020. Both are independent and have expertise in the field of financial reporting, as well as special knowledge of and experience in the auditing of financial statements and the application of methods of internal control. During financial year 2020, the employees were represented on the Audit Committee by Michael Brecht as the Deputy Chairman of the Committee and by Ergun Lümali.

Meetings and participants

The Audit Committee met six times in financial year 2020. All of these meetings were also attended by the Chairman of the Supervisory Board, Dr. Manfred Bischoff, as a permanent guest. The other permanent participants in the meetings were the Chairman of the Board of Management, the members of the Board of Management responsible for Finance and Controlling and for Integrity and Legal Affairs, and the external auditors. The heads of specialist departments such as Accounting, Internal Auditing, Compliance and Legal were also present to report on individual items of the agenda.

In addition, the Chairman of the Audit Committee held regular individual discussions, for example with the aforementioned members of the Board of Management, the external auditors, the Head of Internal Auditing, the Head of Compliance, the Head of Legal Affairs and, if required, the heads of other specialist departments. Such individual discussions were mainly held to prepare for the next committee meetings.

Reporting to the Supervisory Board

The Chairman of the Audit Committee informed the Supervisory Board about the activities of the Committee and about the contents of its meetings and discussions in the following Supervisory Board meetings.

Topics in 2020

In the meeting held on February 10, 2020, the Audit Committee dealt with the preliminary figures of the annual financial statements and the annual consolidated financial statements for the year 2019, as well as with the proposal on the appropriation of profits made by the Board of Management. Following an in-depth review, the Audit Committee took positive note of the presented figures and determined that no objections were to be made to their proposed publication. The Committee further recommended that the Supervisory Board, which met immediately thereafter, adopt the same view. The preliminary key figures and the proposal on the appropriation of profits were announced at the Annual Press Conference on February 11, 2020.

In another meeting held on February 19, 2020, the Audit Committee dealt with the annual financial statements, the consolidated financial statements and the combined management report for Daimler AG and the Daimler Group for the financial year 2019, each of which had been issued with an unqualified auditor's opinion by the external auditors, as well as with the proposal on the appropriation of profits. During the meeting, the Audit Committee focused in particular on the key audit matters described in each audit opinion and on the audit approach applied in each case, including the conclusions drawn. The Audit Committee also reviewed and discussed the non-financial report, for which an auditor's report was issued in accordance with ISAE 3000. The external auditors reported on the results of their audit and the voluntary review of the non-financial report within the framework of a limited assurance engagement, and were also available to answer supplementary questions and to provide additional information. The audit reports on the annual company and consolidated financial statements (including the combined management report) and the internal control system, the report concerning the non-financial report, and important issues related to accounting were discussed with the external auditors. In addition, the Audit Committee also discussed the risk management system. Following an in-depth review and discussion, the Audit Committee recommended that the Supervisory Board approve the

financial statements, the combined management report, the declaration on corporate governance included in the corporate governance report, the non-financial report, and the Board of Management's proposal on the appropriation of profits, which involved the payment of a dividend of €0.90 per share entitled to a dividend. Furthermore, the Audit Committee approved the Report of the Audit Committee for financial year 2019.

In this meeting, the Audit Committee also discussed the report on the total fees paid to the external auditors in financial year 2019 for auditing and non-auditing services and defined the framework of approval for engaging the external auditors to provide non-audit services during the period January 1, 2020 to February 15, 2021. The Audit Committee also decided to recommend to the Supervisory Board, and subsequently to the Annual Shareholders' Meeting, that KPMG AG Wirtschaftsprüfungsgesellschaft be engaged to conduct the annual external audit, the audit of the consolidated financial statements and the external auditors' review of interim financial reports for financial year 2020 and also to conduct the external auditors' review of interim financial reports for financial year 2021 in the period leading up to the Annual Shareholders' Meeting in 2021. The Audit Committee based this recommendation on the quality of the annual audit and the results of the independence review, for which no indications of partiality or a threat to independence were found. Moreover, the Audit Committee decided to propose to the Supervisory Board that it have the contents of the non-financial report for 2020 voluntarily reviewed again (with limited assurance). Subject to the election of the proposed external auditors by the Annual Shareholders' Meeting, the Audit Committee also discussed the proposal to be made regarding the fees to be agreed upon with the external auditors for financial year 2020. Finally, the Audit Committee dealt with the annual audit plan for 2020 of the Internal Auditing department and, within the framework of its responsibility, with the agenda for the 2020 Annual Shareholders' Meeting, which at this point was still scheduled to take place on April 1, 2020.

In the meetings during 2020 related to the quarterly results, the Audit Committee discussed the interim financial reports and the results of the auditors' review before their publication with the Board of Management and with the external auditors. In addition, the Committee received reports from the Internal Auditing, Compliance and Legal departments. The Board of Management reported regularly to the Audit Committee on the current status of the main legal proceedings, including anti-trust proceedings as well as inquiries, investigations, proceedings and administrative orders in connection with diesel emissions. In addition, the Audit Committee regularly dealt with notifications concerning possible violations of rules submitted by employees and third parties to the Group's own BPO (Business Practices Office) whistleblower system.

The meeting of the Audit Committee in April 2020 dealt with the interim financial report for the first quarter of 2020, focusing intensively on the fiscal impact of the covid-19 pandemic. Moreover, the Audit Committee received reports from the Internal Auditing, Compliance and Legal departments, which also addressed the effects of the covid-19 pandemic. Another item on the agenda was the agreement on the external auditor fees for financial year 2020.

In its meeting in June 2020, the Audit Committee discussed aspects of the Group's risk management system and dealt in particular with its changes and further development. It also discussed the methods and processes of, and changes to, the internal control system. In this meeting, the Committee also addressed the agreement on the external auditor fees and discussed planning measures for the annual external audit and the key audit issues for financial year 2020. In addition, the Audit Committee extensively investigated current accounting issues. These included the regulatory statements concerning SARS-CoV-2 that were of key importance for the company as well as the methodology for evaluating the existing fleet of leased vehicles. The meeting was also used to discuss the results of the internal quality analysis of the external audit for financial year 2019. Lastly, the Audit Committee learned about liquidity management within the Group and the sub-groups and the methodological approach used to hedge against raw material and currency risks. In conclusion, the Committee took note of a report about current tax-related issues.

In the meeting held in July 2020, the Audit Committee dealt with the results of the second quarter of 2020. In doing so, it also addressed the financial implications of the covid-19 pandemic. As part of its risk reporting activities, the Audit Committee mainly addressed legal proceedings as well as sales and production-related risks. In addition, the Committee received quarterly reports from the Compliance, Internal Auditing and Legal departments. Finally, the Audit Committee discussed with the Board of Management the annual report produced by the Group's Data Protection Officer.

In October 2020, the Committee dealt with the interim financial report for the third quarter of 2020. In addition, the Committee expanded the range of key audit issues for the external auditors and conducted its annual review of the authorized non-audit services provided by the external auditors. It also decided to adjust the current catalog of authorized non-audit services. Due to the Board of Management's decision to integrate the former non-financial report into the combined management report as the non-financial declaration, the Audit Committee resolved to recommend to the Supervisory Board that the audit of the consolidated financial statements and the combined management report by the external auditors should be correspondingly expanded. In response to the current public debate concerning escrow accounts, the Audit Committee obtained in-depth reports about the management of the bank and escrow accounts within the Daimler Group. In addition, the Committee received quarterly reports from the Compliance and Legal departments. Moreover, it obtained reports about the work and structure of the Post Settlement Audit Team (PSAT), which is located in the Internal Auditing department. The PSAT was set up during the reporting year on the basis of a settlement with the US regulatory authorities in connection with emission control systems. The team monitors the company's fulfillment of the settlement and, within a specified scope, its compliance with environmental regulations.

Company and consolidated financial statements 2020

In the meeting held on February 17, 2021, the Audit Committee reviewed and discussed in detail the annual financial statements, the consolidated financial statements and the combined management report including the non-financial declaration for Daimler AG and the Daimler Group for financial year 2020, each of which had been issued with an unqualified auditor's opinion by the external auditors, as well as the declaration on corporate governance and the proposal on the appropriation of profits. At the meeting, the external auditors reported on the results of their audit and focused in particular on the key audit matters and the audit approach applied in each case, including the conclusions drawn. They were also available to answer supplementary questions and to provide additional information. The audit reports on the annual financial statements and consolidated financial statements (including the key audit matters in the audit opinions) and on the internal control system and important issues related to financial reporting were discussed with the external auditors. In addition, the Audit Committee also discussed the risk management system. Following an in-depth review and discussion, the Audit Committee recommended that the Supervisory Board approve the financial statements, the combined management report including the non-financial declaration, the declaration on corporate governance and the recommendation of the Board of Management to pay a dividend of €1.35 per share entitled to a dividend. The Audit Committee also reviewed the independence of the external auditors (including the non-audit fee cap) for the financial year 2020. Furthermore, the Audit Committee approved the Report of the Audit Committee for financial year 2020.

Self-evaluation

In 2020, the Audit Committee conducted a self-evaluation of its own activities on the basis of an extensive company-specific questionnaire. The results of this self-assessment were once again very positive and were presented and discussed in the meeting on February 17, 2021. This did not result in any need for action with regard to the Committee's tasks, the content, or the procedure of its meetings.

Stuttgart, February 2021

The Audit Committee



Dr. Clemens Börsig
Chairman