

# Corporate Governance Report.

Good corporate governance is a reflection of the responsible management of a company.

The Board of Management and the Supervisory Board aim to align the Group's management and supervision with nationally and internationally recognized standards in order to secure sustainable value creation at the Daimler Group with its strong traditions.

## The main principles applied in our corporate governance

**German Corporate Governance Code.** The legal framework for the corporate governance of Daimler AG is provided by German law, in particular the Stock Corporation Act (AktG), the Codetermination Act (MitbestG) and legislation concerning capital markets, as well as by the Company's Articles of Incorporation. The German Corporate Governance Code gives recommendations and makes suggestions for the details of this framework. These were neither altered nor supplemented during the year under review. The Government Commission for the German Corporate Governance Code merely refined in the Code appendix the description of the recommended sample charts for depicting board of management remuneration and then published this revised description in the German Federal Gazette on September 30, 2014.

There is no statutory duty to follow the standards contained in the recommendations and suggestions of the Code. However, according to the principle of comply or explain, the Board of Management and the Supervisory Board of Daimler AG are obliged by Section 161 of the German Stock Corporation Act (AktG) to make a declaration of compliance with regard to the recommendations of the German Corporate Governance Code and to disclose and justify any deviations from the Code's recommendations. With the exceptions disclosed and justified in the declaration of compliance of December 2014, Daimler AG has followed and continues to follow the recommendations of the German Corporate Governance Code. The declaration of compliance is printed on [page 181](#) of this Annual Report and can also be accessed on our website at [daimler.com/dai/gcgc](http://daimler.com/dai/gcgc). Previous, no longer applicable declarations of compliance from the past five years, and the current German Corporate Governance Code are also available there.

Daimler AG has followed and continues to follow the suggestions of the Code with just one exception: Deviating from the suggestion in Clause 2.3.4, the Annual Shareholders' Meeting is not transmitted in its entirety on the Internet, but only until the end of the report by the Board of Management, in order to protect the character of the Annual Shareholders' Meeting as a meeting attended by our shareholders in person. An additional factor is that continuing the broadcast after that point, in particular broadcasting comments made by individual shareholders, could impair the discussion between shareholders and management, and might also be construed as an unjustified infringement of shareholders' privacy rights. When considering this matter, the interests of transmission do not automatically take precedence over shareholders' privacy rights. This is reflected by the statutory requirement for the entire transmission to have a legal basis in the Company's Articles of Incorporation or in the rules of procedure for shareholders' meetings.

**The principles guiding our conduct.** Additional relevant principles of corporate governance that go beyond the legal requirements but are applied throughout the Group are our Standards of Business Conduct. They are composed of several documents and policies and are based on the company values of passion, respect, integrity and discipline. These standards serve as a frame of reference at Daimler that helps ensure behavior in conformance with applicable regulations and the principles of integrity.

**Integrity Code.** The Integrity Code defines the principles of behavior and guidelines for everyday conduct at Daimler. This applies to interpersonal conduct within the company as well as conduct toward customers and business partners. Fairness, responsibility and compliance with legislation are key principles in this context. The Integrity Code is based on a shared understanding of values, which was developed together with the Daimler employees. In addition to general principles of behavior, it includes requirements and regulations concerning the protection of human rights, dealing with conflicts of interest and preventing all forms of corruption.

The “Principles of Social Responsibility” also form part of the Integrity Code. They are binding for the entire Group. In the Principles of Social Responsibility, Daimler commits itself to the principles of the UN Global Compact and thus to internationally recognized human and workers’ rights, such as the prohibition of child labor and forced labor, as well as freedom of association and sustainable protection of the environment. Daimler also commits itself to guaranteeing equal opportunities and adhering to the principle of “equal pay for equal work.” The Integrity Code is available on the Internet at [daimler.com/dai/iac](http://daimler.com/dai/iac).

**Business Partner Brochure.** For Daimler, ethical conduct is a prerequisite for trusting cooperation. We have formulated our ethical principles and the expectations we have of our business partners in the brochure “Ethical Business. Our Shared Responsibility.” More than 63,000 external partners have received the brochure worldwide – for example, all suppliers, joint-venture partners, dealers, and marketing and sponsoring partners. The Business Partner Brochure is also available on the Internet at [daimler.com/dai/iac](http://daimler.com/dai/iac).

### Composition and mode of operation of the Board of Management, the Supervisory Board and its committees ↗ D.01

Daimler AG is obliged by the German Stock Corporation Act (AktG) to apply a dual management system featuring strict separation between the Board of Management and the Supervisory Board (two-tier board). Accordingly, the Board of Management manages the company while the Supervisory Board monitors and advises the Board of Management. No person may be a member of the two boards at the same time.

**Board of Management.** The Board of Management of Daimler AG had seven members at December 31, 2014 and was expanded to eight members as of January 1, 2015. Information on their areas of responsibility and their curricula vitae are posted on our website at [daimler.com/dai/bom](http://daimler.com/dai/bom). The members of the Board of Management and their areas of responsibility are also listed on [pages 44f](#) of this Annual Report. No member of the Board of Management is a member of more than three supervisory boards of listed companies outside the Daimler Group or of similar boards or committees with comparable requirements of companies outside the Daimler Group.

The Board of Management manages Daimler AG and the Daimler Group. With the consent of the Supervisory Board, the Board of Management determines the Group’s strategic focus, defines the corporate goals and makes decisions concerning operational planning issues. The members of the Board of Management must represent the interests of the Company and share responsibility for managing the Group’s entire business. Irrespective of this overall responsibility, the individual members of the Board of Management manage their allocated areas on their own responsibility and within the framework of their instructions. Affairs of fundamental or great importance that affect the areas of responsibility of several Board of Management members are handled by the Board as a whole, which must approve all associated decisions. The Chairman of the Board of Management coordinates the work of the Board of Management.

The Board of Management prepares the consolidated interim reports, the annual company financial statements of Daimler AG, and the annual consolidated financial statements and the management report of the Company and the Group. It ensures that the provisions of applicable law, official regulations and the Group’s internal guidelines are adhered to, and works to make sure that the companies of the Group comply with those rules and regulations. The tasks of the Board of Management also include establishing and monitoring an appropriate and efficient risk management system.

For certain types of transaction of fundamental importance defined by the Supervisory Board, the Board of Management requires the consent of the Supervisory Board. At regular intervals, the Board of Management reports to the Supervisory Board on corporate strategy, corporate planning, profitability, business development and the situation of the Group, as well as on the internal control system, the risk management system and compliance. The Supervisory Board has specified the information and reporting duties of the Board of Management.

The Board of Management has also given itself a set of rules of procedure, which can be viewed on our website at [daimler.com/dai/rop](http://daimler.com/dai/rop). Those rules describe for example the procedure to be observed when passing resolutions and ways to avoid conflicts of interest.

The Board of Management has not formed any committees.

## D.01

### Governance structure

#### Shareholders (Annual Meeting of shareholders)

Election of shareholder representatives to the Supervisory Board

Supervisory Board (10 shareholder and 10 employee representatives), Nomination Committee, Audit Committee, Presidential Committee, Mediation Committee

Appointments, monitoring, consulting

#### Board of Management