

DAIMLER

Rules of Procedure
for the Board of Management

Published: December 2011

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I. Responsibilities of the Board of Management

1. The Board of Management of Daimler AG is responsible for directing, coordinating and controlling business activities in accordance with the goals it defines for Daimler AG.
2. The Board of Management shall run the business in compliance with the law, its Articles of Incorporation, resolutions adopted by the Supervisory Board and these Rules of Procedure.
3. The business shall be conducted jointly by the Board of Management (Principle of Collective Responsibility).

II. Chairmanship

1. The Board of Management shall be comprised of the heads of the executive divisions¹ (business and functional divisions). The Supervisory Board appoints one of them as Chairman of the Board of Management.
2. The Chairman represents the Board of Management and the company in the public sphere in matters which concern the whole company.
3. The Chairman shall – in agreement with the other Board members – determine the strategy of Daimler AG and the principles of the company’s business policies. These decisions shall be binding for the exercise of management responsibilities by the Board members.
4. The Chairman is responsible for managing the business of the Board of Management and has a casting vote.

¹ The term “executive division” used here and in the following provisions refers to the organization on Board of Management level in Germany (“Vorstandsressort”)

III. Responsibilities of the Members of the Board of Management

1. The Board of Management shall determine the breakdown and allocation of the business and the delegation of the individual areas of responsibility to the respective Board members. These are issues of fundamental significance in the sense of Item III No. 9.
2. Represented on the Board of Management of Daimler AG are the executive divisions specified by the Board of Management.
3. Notwithstanding the overall responsibility of the Board of Management (cf. Item I) each member of the Board of Management is individually responsible for directing his particular executive division within the scope of the directives issued by the Board of Management.
4. The members of the Board of Management shall coordinate relations between the subordinate businesses or other organizational units and the executive divisions and shall represent the interests of these divisions in their dealings with third parties.
5. The relationship between the executive divisions represented in the Board of Management shall be governed by the principle of mutual trust and cooperation as well as reciprocal frankness and transparency.
6. The Chairman is responsible for managing the activities of the members of the Board of Management within the framework of their responsibilities. All the members of the Board of Management shall report to the Chairman continuously on developments and matters in their respective field of responsibility, which are of importance to the Corporation. Notwithstanding their functional responsibilities pursuant to 3., 4. and 5. above, the particular member of the Board of Management concerned must consult with the Chairman of the Board of Management in good time on all questions of principal or substantial importance.

7. All members of the Board of Management must keep their fellow board members informed of any developments and matters affecting the latter's respective areas of responsibility and coordinate and agree upon the appropriate action with them.
8. Questions of principal or substantial importance or matters which also affect the areas of responsibility of several members of the Board of Management shall be dealt with by the Board of Management as a whole. Each member of the Board of Management shall be entitled to place any business they consider to be important on the agenda for a Board Meeting.
9. In case the Chairman of the Board of Management and/or the member of the Board of Management, responsible for the Finance and Controlling Division, are obliged to sign the financial statements, similar reports or statements concerning these reports according to capital market law (including stock exchange by-laws), the other members of the Board of Management shall countersign these reports in line with the collective responsibility of the Board of Management membership and after prior coordination with the Chairman of the Board of Management. In exceptional cases this procedure can be deviated from, provided that the material report contents have already been approved.
10. At least once each year the Board of Management shall hold strategic management meetings to discuss the strategies and long-term planning of the business divisions as well as the strategies of the functional divisions. Once a year the Board of Management shall hold operative management meetings to define the operative targets of the business divisions as well as the planning of the functional divisions. Twice a year the Board of Management shall hold discussions about all current projects (project reviews) to track their economic development since the initial approval by the Board of Management. Questions of principal or substantial importance shall be approved in regular meetings of the Board of Management. The Board of Management can delegate the authority to decide with regard to certain specified issues to one or more members of the Board of Management. However, the responsibility of the Board of Management remains unaffected thereof.

IV. Rules for Avoidance of Conflicts of Interests

1. The members of the Board of Management, in exercising their corporate management function, shall pursue no private interests contrary to the interest of the Group.
2. Members of the Board of Management must disclose to the Chairman of the Supervisory Board without delay any personal interests in transactions of Daimler AG and its Group companies and other conflicts of interest arising in connection with their activities for the Daimler Group. Furthermore, the members of the Board of Management shall inform the other members of the Board of Management of the occurrence of any conflict of interests.
3. The terms and conditions of transactions between members of the Board of Management, as well as persons or companies related to them and Companies of the Daimler Group must be in compliance with the conditions, customary in the respective line of business.
4. The completion of substantial transactions between members of the Board of Management and Daimler AG or its Group companies requires the approval of the Supervisory Board.
5. Members of the Board of Management should only take on Supervisory Board and Management Board mandates and/or other administrative or honorary offices outside the company to a limited extent. As a general rule these offices should serve the interests of the company and must not detract from the duties as a member of the Board of Management. The acceptance of sideline activities requires the previous approval of the Presidential Committee. A list of all sideline activities of the members of the Board of Management is presented to the entire Supervisory Board for approval once every year. If approval is denied, the respective activity is to be terminated as soon as possible.

6. The members of the Board of Management shall not assume more than three Supervisory Board mandates in publicly listed companies outside the Group or in Supervisory Board Committees of companies with comparable standards.

V. Meetings of the Board of Management

1. As a general rule the Board of Management shall meet every two weeks; the venue for the meeting will be fixed by the Chairman. Meetings can also be held by video or telephone conference.
2. Meetings of the Board of Management shall be convened by the Chairman. The Chairman will notify the members of the Board of Management of the items on the agenda in good time prior to the meeting. The Chairman of the Board of Management will decide on guest attendance.
3. Meetings will be conducted by the Chairman. Minutes shall be drawn up recording every meeting; a draft version will be circulated and submitted to all members of the Board of Management for approval; the final approved minutes will be signed by the Chairman and the Corporate Secretary and circulated to all members of the Board of Management. All letters or circulars implementing Board of Management decisions are to be issued under the sole signature of the Chairman. Notwithstanding, Members of the Board of Management may inform their staff about these decisions.
4. In urgent cases, the Chairman may also arrange for the voting on a resolution of the Board of Management to be carried out in writing, by fax or e-mail - or by a combination of these communications media - if no member of the Board of Management objects to this procedure within an appropriate period of time, to be decided by the Chairman. The procedure as well as the conclusion of the resolution shall be documented by the Corporate Secretary.

5. The adoption of resolutions at Board of Management meetings must be substantiated by written documentation containing particulars of the motion proposed as well as the supporting considerations involved.

Documentation for Board of Management meetings supporting proposed motions may only be submitted by members of the Board of Management and as a rule must be circulated to all other board members at the same time, to the extent practical and at least five business days in advance of the meeting, to permit adequate preparation for the adoption of the resolution. All members shall receive identical documentation packages.

In the interests of ensuring that any resolutions adopted take adequate account of the strategic and financial targets for the Group, member(s) submitting motions shall make sure that the respective competent units are fully involved in the preparation of the decision and the formulation of the documentation substantiating any motion put forward. If any parties involved do not endorse either fully or in part the motion proposed, this must be clearly stated in the supporting documentation. The Member of the Board of Management responsible for the Finance & Controlling Division is to be involved in investment projects in good time before the documentation is submitted to the members of the Board of Management.

Resolutions on matters affecting Group companies can be adopted subject to subsequent execution of the necessary formalities in accordance with company law.

6. The Board of Management shall take decisions and adopt resolutions by simple majority of the Board members without prejudice to legal regulations. When the votes cast are equally divided, the Chairman shall be entitled to the casting vote pursuant to Item II 4. Notwithstanding the possibility of taking decisions or adopting resolutions by majority voting or as appropriate with casting vote in accordance with Item II 4, the Chairman shall exploit every possible avenue to achieve a unanimous decision, particularly on questions of principal or substantial importance.

7. Members of the Board of Management shall notify the Chairman in each case of any absence from the place of business for more than one week.

VI. Official Language of the Board of Management

The official language of the Board of Management shall be English.

VII. Relationship with the Supervisory Board

1. The Chairman of the Board of Management shall be responsible for conducting the day-to-day business with the Chairman of the Supervisory Board and with the Supervisory Board itself.
2. Without prejudice to standing rights of approval vested in the Supervisory Board and to the reporting obligations laid down in § 90 AktG (German Stock Corporation Act) the Board of Management shall inform the Supervisory Board of all business matters of particular significance as a result of their financial consequences and/or their importance in terms of overall corporate policy.
3. Once every year the Board of Management shall submit to the Supervisory Board summarized Operative Planning for significant fields of activity in the Group including the affiliated companies inside and outside Germany; these must also cover any repercussions ensuing after expiry of the planning period. The Supervisory Board must be informed without delay of deviations from planning.
4. The Chairman of the Board of Management shall inform the Chairman of the Supervisory Board of matters to be submitted to the Supervisory Board for adoption as resolution or for their information.

VIII. Business Divisions and Affiliated Companies

Rules of procedure or Articles of Incorporation which regulate the management of the business divisions, organizational units or the functional divisions or Group companies shall be in line with Item I to V of these Rules of Procedure to the extent these are applicable.

