

United Nations
Ms Beatriz Balbin
Palais des Nations
1211 Geneva 10
Switzerland

Ola Källenius
Chairman of the Board of Management
Daimler AG and Mercedes-Benz AG

May 10th, 2021

Subject: Your joint communication from UN Special Procedures of 12 March 2021

Dear Ms. Balbin,

As a global business enterprise, Daimler operates in many countries and very different market environments. However, in each country where Daimler is active, our objectives and requirements for integrity and sustainability equally guide all our actions. We are convinced that in order to achieve long term success, we need to live up to our environmental and societal responsibility. The basis for this is our sustainable business strategy, adopted by the Executive Board in 2019.

Our Supplier Sustainability Standards reflect our requirements for working conditions, human rights, environmental protection, safety, business ethics and compliance. We require our direct suppliers of goods and services all over the world to comply with these standards and contractual obligations, to communicate them to their employees and to their upstream value chains and to monitor their compliance.

At Daimler AG, we closely monitor adherence to human rights and potential human rights risks in our supply chains globally. We systematically investigate all reports of violations. If on site audits or database searches raise doubts regarding a supplier's performance, the responsible procurement unit initiates a more in depth review. If we become aware of a suspected violation, we first ask the suppliers to respond to the allegations. If the results indicate insufficient sustainability performance, we instruct the supplier in question to improve the relevant processes. If the supplier does not sufficiently remedy the criticized processes, we make individual decisions regarding the next steps. In severe cases this can result in the discontinuation of our cooperation with a supplier. So far, we have not identified any particular findings concerning human rights violations at our direct suppliers or in our own entities with regard to the issue at hand.

We are continuously expanding and, if necessary, adapting our worldwide human rights measures. It is clear that we can only solve human rights challenges in cooperation with employees, suppliers, business partners, and other stakeholders.

To ensure that human rights are respected and protected, Daimler has developed a due diligence approach called the Daimler Human Rights Respect System (HRRS). As a risk-based approach, the HRRS aims to protect the human rights of our own employees and systematically address human rights risks with our direct suppliers (Tier-1) and at risk relevant points of the supply chain beyond Tier 1.

As a proactive risk management system, the HRRS is designed to identify and avoid systemic risks and possible negative impacts of our business activities on human rights early on. The HRRS thus primarily protects third parties, i.e. rights holders, and is aimed at exerting its effect along our supply chain as well. We are continuously working on making supply chains more transparent. However, supply chains are exceedingly complex networks: Daimler alone has over 60,000 direct suppliers and many more sub suppliers.

Global legislation concerning human rights is developing fast. In general, we embrace legislative regulation in the field of Human Rights Due Diligence. For example, we welcome the progress made on the German Supply Chain Due Diligence Law. Planned regulations are ambitious nonetheless the rules are based on international human rights agreements and give companies more legal certainty in an area that has so far only been partially regulated. Most importantly, however: the law must always help the people on the ground. It must provide the right incentives to ensure that as many companies as possible make effective efforts to ensure that human rights are respected. Daimler is closely monitoring the progress and strives to comply with all applicable acts.

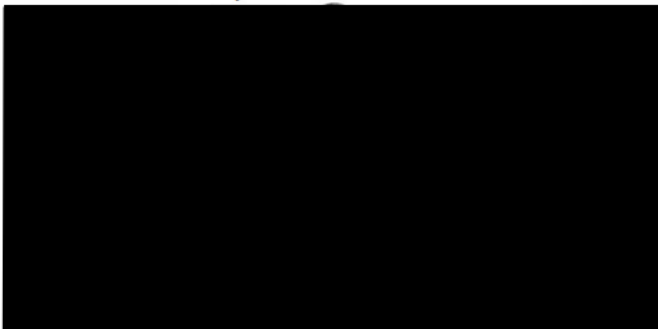
Moreover, we are using our business leverage to promote human rights and we are actively working together with associations, organizations, and other companies in various initiatives, in order to make it easier for us to enforce certain standards in the supply chains.

Employees and external third parties can use dedicated channels to report suspected human rights violations as defined by the third pillar of the UN Guiding Principles on Business and Human Rights. These channels include our whistleblower system Business Practices Office and the World Employee Committee.

Given our commitment to human rights, we always appreciate a constructive dialogue.

For further information on our Human Rights strategy and targets please see [our Sustainability Report](#).

Yours sincerely,



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