

# Objectives and Strategy

For more than 130 years we have been moving people and goods all over the world – safely, efficiently and with innovative technologies. Our industry is currently in the midst of its biggest transformation in history. Sustainability (especially climate protection) as well as digitalization, shifts in global trade, and the impact of the covid-19 pandemic are changing our business and our company. As the inventor of the automobile, it is in our DNA to repeatedly take the lead in automotive engineering with new technologies. In addition, we will strive to set standards for sustainable mobility and transport in the future.

## The role of Daimler AG

The transformation of our industry is requiring us to take quick, agile and customer-focused action. Our implementation of “Project Future” turned our previous divisions into three legally separate units (Mercedes-Benz AG, Daimler Truck AG and Daimler Mobility AG) under the roof of Daimler AG, which is listed on the stock exchange. In this way, we have strengthened our entrepreneurial freedom, intensified our market and customer orientation, and made it easier for the new divisions to enter into partnerships. In this new role, Daimler AG serves as an operational and strategic management holding that performs the governance and steering functions and thus creates the framework for the new divisions. Some organizations will be retained at this central level, especially the higher-level units in the functions Finance and Controlling, Human Resources, and Integrity and Legal. In this way, Daimler AG ensures a uniform and centrally managed corporate finance system, sets the scope for the long-term return and growth targets, and determines how funds will be allocated. The aim is to boost the company’s value on a sustained basis.

## Sustainability as an integral part of our corporate strategy

Sustainability means harmonizing economic, ecological and social objectives. Daimler is committed to the United Nations’ Sustainable Development Goals and to the Paris Agreement on climate change. For our company, sustainability means permanently creating value for all stakeholders: customers, employees, investors, business partners and society as a whole. For us, sustainability is not an isolated area where we take action, but an integral part of our corporate strategy. In line with this approach, we work to achieve CO<sub>2</sub>-neutral mobility by 2039, reduce our resource consumption despite growth, implement measures that increase safety on the road, continue to utilize data responsibly, and assume responsibility for upholding human rights along the entire value chain.

Achieving success in our areas of action requires a clear commitment to a culture of integrity, as well as future-oriented cooperation with our workforce and our partners in industry, government and society at large. A central sustainability management system enables the effective planning of ambitious goals and their implementation.

Our “Ambition 2039” strategy for **Mercedes-Benz Cars** clearly demonstrates our commitment to climate protection. Our goal here is to become CO<sub>2</sub>-neutral by 2039. More specifically, this means we plan to achieve CO<sub>2</sub>-neutral production at our own car plants from 2022, have plug-in hybrids and all-electric drive systems account for more than 50% of our portfolio by 2030, and offer a CO<sub>2</sub>-neutral new car fleet to our customers within less than three product life cycles. An example of this is the new Factory 56 at the Sindelfingen plant. This facility, whose first series-production model is the new S-Class, consumes less energy than previous vehicle assembly operations for comparable model series and has a CO<sub>2</sub>-neutral footprint. Among other things, this is made possible by the facility’s energy concept, which includes a photovoltaic system, a direct-current network, and energy storage devices made of reused vehicle batteries. A holistic view of the CO<sub>2</sub>-reduction issue also needs to take the recycling of raw materials into account. After all, we also want to drive forward the implementation of our climate neutrality objective at our suppliers and partners.

At **Mercedes-Benz Vans** we have set ourselves the goal of making the new vehicle fleet of our vans for private use CO<sub>2</sub>-neutral for their entire life cycle by 2039. For commercially used vans, the goal is to offer only new vehicles that are CO<sub>2</sub>-neutral in driving operation (“tank-to-wheel”) in the triad markets of Europe, Japan and North America by 2039. Production operations at the Mercedes-Benz Vans plants are scheduled to become CO<sub>2</sub>-neutral by 2022.

On its path to achieving CO<sub>2</sub>-neutral transportation, **Daimler Trucks & Buses** aims to offer only new vehicles that are CO<sub>2</sub>-neutral in driving operation (“tank-to-wheel”) in the triad markets of Europe, Japan and North America by 2039. We intend to offer series-produced trucks and buses with battery-electric drive systems in the main sales regions Europe, the United States and Japan by 2022. In the second half of the 2020s, Daimler Trucks & Buses intends to supplement its portfolio of series-produced vehicles by adding fuel cell-powered electric trucks. In cooperation with the Volvo Group we will drive forward the series-ready development, production and marketing of fuel-cell systems for use in heavy-duty commercial vehicles and other fields of application. Plans also call for all Daimler Trucks & Buses plants in Europe to be CO<sub>2</sub>-neutral by 2022.

**Daimler Mobility's** sustainability efforts are focusing on avoiding and reducing CO<sub>2</sub> emissions as well as on collecting knowledge and promoting employee involvement. The aim is to become climate-neutral by the end of 2022 – not only in administrative departments but at all locations. New leasing and financing offers will explicitly serve to promote the sale of electric vehicles at the divisions.

The issue of the first green bond has further accelerated our development of CO<sub>2</sub>-neutral technologies and services. The proceeds from this bond are used exclusively to fund green projects. In this way, our financing activities are also helping to transform us into a carbon-free company and make our industry CO<sub>2</sub>-neutral.

## Integrity as a guiding principle

We are firmly convinced that we can only be successful over the long term if we fulfill not only our economic and environmental responsibilities but also our responsibility to society. In times of change and upheaval especially, we need to have values that provide us with orientation. For us, this involves more than just obeying laws, as we also seek to align our activities with shared principles and values. For Daimler, integrity means doing the right thing by acting on our values. New technologies and business models offer tremendous opportunities, but at the same time they pose questions – for example, with regard to ethical and legal topics. Our inner values and attitudes are put to the test when such issues arise. By means of our technical Compliance Management System, or tCMS for short, we want to ensure that our products conform with regulations and legal requirements. Our Data Compliance Management System enables us to support new topics from the beginning, provide the maximum possible clarity and avoid mistakes. The responsible use of data has top priority in these efforts.

All of the divisions have formulated strategies or intensified existing ones on the basis of their earnings and growth targets, our commitment to sustainability, and CO<sub>2</sub>-neutral mobility and integrity as guiding principles.

## Mercedes-Benz Cars strategy

The basis of our car strategy is our purpose – the spirit and aspiration that guides all of our decisions and actions. What makes us who we are, why are we present on the market as a company? The answer to this question is our purpose: “First Move the World.” We invented the automobile, and we also want to take a leading role in its reinvention.

Our company’s successful transformation to electric mobility and comprehensive digitalization is crucial for our future competitive position. At Mercedes-Benz, we focus on our strengths. Our brand originated in the luxury segment, where we continue to be anchored and outstanding. We will continue to concentrate on this segment in the future and we think that it provides us with the greatest growth opportunities. Our goal is to build the world’s most desirable cars.

The Mercedes-Benz strategy encompasses six pillars. The core aim is to increase structural profitability and enable us to outpace our competitors in the transformation to electric mobility and comprehensive digitalization. Sustainability is a key guiding principle of the Mercedes-Benz strategy and an integral part of it. Our highly qualified and motivated team forms the basis for our new strategy’s success.

### Think and act like a luxury brand

Luxury has always been part of Mercedes-Benz’ DNA. However, the brand will focus even more strongly on luxury in the future. It will be an integral part of all products, customer interactions and digital technologies. Mercedes-Benz will concentrate its product portfolio, brand communication and sales network even more strongly on luxury so as to create a thoroughly luxurious experience – luxury that is to be holistic, intuitive and sustainable.

The new S-Class exemplifies our already outstanding range of products in the luxury segment. To name just a few examples,

it is made more intuitive and smarter by MBUX and a new augmented reality head-up display, safer thanks to 16 airbags and optional E-ACTIVE BODY CONTROL, and more comfortable and agile in its suspension and steering system. The new S-Class will also set a new milestone on our road to automated driving. Beginning in the second half of 2021, we expect S-Class cars that are equipped with the new DRIVE PILOT to drive with conditional automation (SAE Level 3) in Germany under certain preconditions and at speeds of up to the permitted 60 km/h. This will give drivers more time, comfort and safety.

### Focus on profitable growth

We want to grow wherever we can achieve the best results. To do so, we will initiate measures that will realign our market strategy. The focus on an optimal balance between sales volume, price and sales channel mix will help to ensure higher contribution margins for our current and future product portfolios. At the same time, development resources and funding will flow into the most profitable market segments in order to achieve higher structural profitability.

### Expand customer base by growing sub-brands

According to Interbrand, Mercedes-Benz is the world’s most valuable luxury automobile brand. This brand will always take center stage in our array of car brands. In addition, Mercedes-Benz includes several extraordinary sub-brands: Mercedes-AMG, Mercedes-Maybach and Mercedes-EQ as well as the G-Class. We will further strengthen these brands so that we can address customer groups in an even more targeted manner and thereby contribute substantially to our growth and earnings. Mercedes-AMG is ready for the next stage, when it will begin to electrify its portfolio in 2021.

The sub-brand Mercedes-AMG’s link with Formula 1 will be intensified further next year in order to reinforce its identity as a high-performance brand. Mercedes-Maybach is focusing on global growth opportunities, intending to double its sales volume and also to offer electric models.

## Mercedes-Benz Cars strategy

We want to build the world’s most desirable cars

Think	Focus	Expand	Embrace	Lead	Lower
and act like a luxury brand	on profitable growth	customer base by growing sub-brands	customers and grow recurrent revenues	in electric drive and car software	cost base and improve industrial footprint

Sustainability as a guiding principle

Driven by a highly qualified and motivated team



Demand for the legendary G-Class currently exceeds the available production capacity. We also want this model series to grow and be electrified. The Mercedes-EQ sub-brand is using new high-tech products to address new customer groups.

#### **Embrace customers and grow recurrent revenues**

Mercedes-Benz wants to intensify and reinforce its long-term customer relationships. Stronger customer loyalty enables us to generate recurring revenue by means of services and spare parts, for example, as well as with increasing numbers of over-the-air updates (OTAs) and digital service subscriptions. We expect this to open up considerable revenue potential because the Mercedes-Benz car fleet shall encompass a total of 20 million interconnected vehicles by 2025.

#### **Lead in electric drive and car software**

Mercedes-Benz wants to become the leader for electric mobility and vehicle software. To this end, we have defined ambitious product development targets and decided to accelerate the market launch of new technologies. This means that whenever we develop a new vehicle architecture, we will first design the automobile as an all-electric vehicle. We will then plan modifications such as plug-in hybrid drive systems. Within the framework of this Electric First strategy, we will begin in 2021 to introduce four new electric models. These will be based on the Electric Vehicle Architecture (EVA), which is designed exclusively for battery-electric drive systems. The EQS luxury sedan will be the first model on this independent new platform and be launched on the market in 2021. It will be followed by the EQE, the EQS SUV and the EQE SUV. In addition, Mercedes-AMG, Mercedes-Maybach and the G-Class will also be electrified. Other models will round out the electric vehicle portfolio beginning in 2025. Both the new S-Class and the C-Class will get a plug-in hybrid drive that is expected to have purely electric ranges of around 100 kilometers (WLTP) as early as 2021. Compact-class customers can look forward to two all-electric compact SUVs in 2021 – the EQA (combined electricity consumption: 15.7 kWh/100 km; combined CO<sub>2</sub> emissions: 0 g/km)<sup>1</sup> and the EQB. As a result, we will already offer our customers more than 25 plug-in hybrids and purely battery-electric models in 2021. This portfolio will be successively expanded over various segments by the addition of further attractive electrified models. In this way we plan to offer more than 40 plug-in hybrid and purely battery-electric models by 2030.

Mercedes-Benz will shift even more resources into product development and the accumulation of electric drive system expertise as well as investing in new technologies and concepts for improving range and efficiency. The next generation of electric motors is being developed independently by the brand and will include advanced inverter and high-voltage technologies. The company is making big leaps in battery technology by means of its own research and development work as well as in strategic partnerships with partners such as CATL, Farasis and Sila Nano. Our goal is to own the entire battery technology chain and rely on partnerships where we think it is beneficial.

While plug-in hybrids and purely battery-electric vehicles are expected to account for more than 50% of global sales in 2030, we plan to reduce our investments in combustion engines, cut the number of variants by 70% between now and 2030 and cease offering manual transmissions in our car portfolio in the medium term. The elimination of manual transmissions is to take place in the context of a successive adaptation as we move to new vehicle generations in the course of specific models.

In the vehicle software segment, Mercedes-Benz is relying on a proprietary operating system. It is being developed by us and is scheduled for market launch in 2024. It will enable us to respond flexibly and quickly to new customer requirements. We see this as an important precondition for increasing customer utility across a vehicle's entire life cycle and for developing new digital business models. This software is being developed for all scalable platforms in order to make development more cost-efficient.

#### **Lower cost base and improve industrial footprint**

Mercedes-Benz intends to further improve its profitability and cash flow and at the same time safeguard its investments in the future as well as the accelerated transition to electric drive systems. To do that, we want to lower the break-even point, further reduce the cost base, and continue to improve the industrial footprint between now and 2025.

By 2025, capacity adjustments and lower personnel expenses are expected to reduce fixed costs by a total of more than 20% overall compared to the values for 2019. By 2025, we also plan to reduce capital expenditures and investments in research and development by more than 20% compared to 2019. Plans call for the variable costs relative to 2019 to be reduced by 1% per year until 2025.

As a result of its realignment, the Mercedes-Benz strategy aims to improve profitability by creating a more advantageous product mix, improving pricing, enhancing the product portfolio and boosting the amount of recurring revenue. By 2025, Mercedes-Benz AG intends to achieve a return on sales of at least between a mid-level and a high single-digit percentage. However, the company's long-term goal is to achieve a double-digit return on sales in a competitive market environment.

Our actions are based on our values and principles as well as on our view of how and with what attitude we want to operate as a company. We provide orientation even in times of change with our Leadership 20X program, which defines our leadership and partnership principles, and with integrity as our main corporate value.

<sup>1</sup> Electricity consumption and range have been calculated on the basis of Commission Regulation (EC) No. 692/2008. Electricity consumption and range depend on the vehicle configuration. The actual range also depends on the individual driving style, road and traffic conditions, outside temperature, use of air conditioning/heating etc., and may vary.

## Mercedes-Benz Vans strategy

“Moving transportation to the next level” expresses the core value and the fundamental attitude of Mercedes-Benz Vans. The word “moving” expresses our personal motivation to take the lead in the competitive environment, while “transportation” refers to the core element of our business: the transport of passengers and goods. Our striving for continuous improvement and further development for boosting the customer utility is expressed by the words “to the next level.”

Our aim is “to exceed customers’ expectations by offering them the most desirable vans and services.” Mercedes-Benz Vans produces premium vehicles that customers consider to be far more than just capital goods. We want to safeguard this position and focus our activities on thrilling customers and making their business more efficient on a lasting basis.

The Mercedes-Benz Vans strategy consists of five pillars:

### Target premium segments

Mercedes-Benz Vans is proud to have greatly shaped the vans market worldwide since the very beginning and to be part of the Mercedes-Benz brand family. With our strategic realignment, we are enhancing our profile as premium suppliers of future-oriented transport solutions for commercial and private customers. The V-Class and the EQV (combined electricity consumption: 26.4-26.3 kWh/100 km; combined CO<sub>2</sub> emissions: 0 g/km; range: 417-418 km)<sup>1</sup> are already successfully established in the market for privately used vans. In the future, Mercedes-Benz Vans will offer the T-Class and its electric variant to private customers for families and leisure activities. For commercial customers, the Sprinter, the Vito and the Citan are premium vans that cover all van segments. In both the commercial and the private sectors, Mercedes-Benz Vans stands for the highest levels of quality, reliability and sustainability.

### Focus on profitable growth

Another key element of the strategy is the increased focus on high-sales and high-margin markets. In parallel with the expansion of our activities in Europe, we also intend to further intensify our efforts in China, the United States and Canada, and align our portfolio even more closely with the respective market requirements. Among the various important new target groups that we have identified are up-and-coming sectors with great future potential such as camper vans. Here we are focusing on reducing complexity, a strategy that includes the continuous review of our product portfolio.

### Embrace customers and grow recurrent revenues

Mercedes-Benz Vans will further intensify its cooperation with customers in order to strengthen and expand its long-term customer relationships. In order to increase our customers’ satisfaction and loyalty on a lasting basis, we aim to tailor our products and services precisely to their needs. A focus is here on co-creation – the joint development of segment-specific and user-specific solutions so that we can retain customers over the long term and generate potential revenue throughout the customer life cycle.

<sup>1</sup> Electricity consumption and range have been calculated on the basis of Commission Regulation (EC) No. 692/2008. Electricity consumption and range depend on the vehicle configuration. The actual range also depends on the individual driving style, road and traffic conditions, outside temperature, use of air conditioning/heating etc., and may vary.

## Mercedes-Benz Vans strategy

We want to exceed customers’ expectations with the most desirable vans and services

Target	Focus	Embrace	Lead	Lower
premium segments	on profitable growth	customers and grow recurrent revenues	in electric drive and digital solutions	operating costs

Sustainability as a guiding principle

Driven by a highly qualified and motivated team



### Lead in electric drive and digital solutions

We intend to set new standards for sustainable electric mobility and digital solutions. Our portfolio is now almost completely electrified. The successful launch of the eVito (combined electricity consumption: 26.2 kWh/100 km; combined CO<sub>2</sub> emissions: 0 g/km; range: 421 km)<sup>1</sup>, eSprinter (combined electricity consumption: 37.1–32.5 kWh/100 km; combined CO<sub>2</sub> emissions: 0 g/km; range: 120–168 km)<sup>1</sup> and EQV (combined electricity consumption: 26.4–26.3 kWh/100 km; combined CO<sub>2</sub> emissions: 0 g/km; range: 417–418 km)<sup>1</sup> shows that we are on the right track. The successor of the Citan is rounding out the electrification of all of our van model series. In order to make our portfolio sustainable and future-proof, we are intensively studying new vehicle concepts. In doing so, we are focusing on the consistent further development of high-performing electrified variants. We already have a strong position when it comes to customer-oriented digital services and we want to further strengthen this position. We offer Mercedes me connect services for individual private use and the service platform Mercedes PRO for commercial customers. This platform features an extensive range of connectivity and vehicle-related services. In addition, we are continuing to work systematically on completely networking our vehicles and are creating innovative hardware and software solutions to this end.

### Lower operating costs

We also want to substantially reduce costs at Mercedes-Benz Vans. We intend to continue to improve our processes, increase flexibility, reduce fixed costs and variable expenditures, and exploit the digitalization opportunities for improving efficiency and customer orientation. Digitalization also means connecting the digital services with Mercedes-Benz Cars, strengthening digital sales activities, and consolidating all digital customer contacts into a digital customer experience. In order to safeguard our competitiveness, we are systematically examining all of our expenditures so that we can significantly reduce our fixed costs in the long run.

Mercedes-Benz Vans is also committed to the sustainability targets and has firmly anchored them in the strategy.

Having highly motivated and committed employees is more important than ever in times of great change. By means of the program Leadership 20X, Mercedes-Benz Vans wants to increase the employees' motivation and individual responsibility and offer them qualification measures that will make them fit for the transformation toward electric mobility and extensive digitalization.

<sup>1</sup> Electricity consumption and range have been calculated on the basis of Commission Regulation (EC) No. 692/2008. Electricity consumption and range depend on the vehicle configuration. The actual range also depends on the individual driving style, road and traffic conditions, outside temperature, use of air conditioning/heating etc., and may vary.

## Daimler Trucks & Buses strategy 2030

Our goals and strategy are determined by the company’s purpose, which defines our obligation to our customers and to society at large. We’re working for “everyone that’s moving the world.” Together with our customers, we contribute to prosperity and growth.

In view of the fact that our environment is currently undergoing a profound change, we have decided to further enhance the strategy of Daimler Trucks & Buses.

### Add value for customers

Customers have top priority. People will only choose our products and services if we create added value for our customers and if our products and new technologies enable them to make money, improve their processes or boost their productivity. In this respect, it’s crucial that we know exactly what our customers’ needs are and that we develop products that are tailored to these requirements. The new model series of Western Star offers a current example of how this works in practice. The new truck for the vocational segment – i.e. commercial vehicles for construction and special applications – enables us to not only boost our customers’ productivity but also to lower their operating costs.

### Lead globally

For us, global leadership is not an end in itself. We need to have a global presence in order to exploit economies of scale and to enable more cost-efficient development. Our high development expenditures on new technologies in areas such as electric drive systems, autonomous driving and digitalization can only be kept as low as possible per vehicle if we develop our innovations on the basis of universal platforms and utilize them in as many markets and vehicles as possible. By maintaining a global presence we make these new technologies available to customers faster and in a more tried and tested manner. Finally, our global setup enables us to more easily offset regional market cycles.

### Grow services

In order to increase our profitability on a lasting basis, we intend to exploit the potential of our service business in a more targeted manner. To this end, we are expanding our existing range of aftersales products and creating new services. One example of this is the introduction of 3D printing for spare parts at Daimler Buses.

To supplement this traditional portfolio of services, we will establish other services based on software and digitalization. The aim here is to generate real added value for our customers, to enable them to operate our trucks and buses more efficiently, and to cut their total transport costs. We are already achieving this today with digital services such as Fleetboard, Mercedes-Benz Uptime, Detroit Connect and TruckConnect at Daimler Trucks, as well as with digital services on the Omnicplus ON platform at Daimler Buses. Our new Connectivity Services Group is now working on developing promising services for trucks and buses along our customers’ value chains.

### Differentiate by technologies

We want to set ourselves apart with technologies that generate real added value for our customers and society at large. As a result, we began early on to focus on ways to reduce the diesel consumption of our commercial vehicles. We have repeatedly developed innovations for this purpose in order to differentiate us from the competition.

Looking ahead, we can state that we are committed to the Paris Agreement on climate change and wish to play a major role in shaping the development of CO<sub>2</sub>-neutral transportation. To make this possible, we are focusing on two technologies: batteries and hydrogen-powered fuel cells. Our Group has more than 25 years of experience with fuel cells. Thanks to this experience, we want to offer our customers a truck for flexible and demanding applications that can compare with diesel-powered ones as regards traction, range and performance. Exactly which solution a customer will use will depend on the case in question. To this end, we are planning to achieve the following product milestones: By 2022, we want our vehicle

## Daimler Trucks & Buses strategy 2030

### Add value for customers



portfolio to include series-produced trucks and buses with battery-electric drive systems in the main sales regions Europe, the United States and Japan. In the second half of the 2020s, we will supplement our portfolio of series-produced vehicles by adding fuel cell-powered electric trucks.

Daimler Buses is already making an important contribution to accelerating the mobility revolution in urban passenger transportation and thus making cities more livable. The clear objective here is to ensure sustainable CO<sub>2</sub>-neutral public passenger transport. Our Mercedes-Benz eCitaro city bus was put into mass production in 2018 and it has also been offered with a solid-state battery since 2020. Due to its greater range, this bus can easily serve most of the usual urban routes. In addition, the solid-state batteries have a long service life and do not contain cobalt or manganese.

We also have a clear vision with regard to traffic safety: accident-free driving. We will achieve this by means of our safety assistance systems, which help drivers perform their tasks and can thereby protect all road users. We want to see important systems such as the fully integrated Mercedes-Benz Sideguard Assist S1R for retrofitting heavy-duty trucks in as many vehicles on the road as possible. In 2020, we therefore began to offer this system as a retrofit solution for many of the common models of the Actros, Arocs and Econic of model year 2017 and later. Moreover, we are continuously enhancing existing systems. Active Sideguard Assist no longer just warns the driver of cyclists and pedestrians standing or moving alongside the front-passenger side of the vehicle, but also initiates automatic braking at turning speeds of up to 20 km/h in order to bring the vehicle to a standstill if the driver fails to respond to the acoustic alert. Mercedes-Benz Trucks is the world's first truck manufacturer to offer such a system. We are also a pioneer at our bus brands Mercedes-Benz and Setra, making us the first manufacturer to offer such systems as the turning assistant Sideguard Assist (including pedestrian detection) and Preventive Brake Assist.

We are also developing completely new business models for Daimler Trucks when it comes to autonomous driving. In doing so, we are pursuing our dual strategy by working together with two strong partners in order to offer customers the best possible integrated fully automated SAE Level 4 solutions. To this end, Torc Robotics became part of the Autonomous Technology Group at Daimler Trucks in September 2019. With Torc, we are focusing on the development of our own SAE Level 4 solution for operations between two logistics centers (hub-to-hub operations). As part of the partnership with Waymo we are developing a variant of the Freightliner Cascadia truck model that is especially designed for the Level 4 operation of Waymo technology. This variant will first hit the road in the United States. North America provides ideal conditions for the testing and subsequent use of highly automated trucks (SAE Level 4).

#### Focus on core business

We know what provides our customers with added value. We are correspondingly prioritizing the topics into which our engineering abilities and financial resources are flowing. Besides customer utility, whether an existing or new product or service makes a positive long-term contribution to our earnings is another decision criterion.

#### Lean organization

We need a powerful organization that enables us to implement our strategy as effectively as possible. For this reason, we promote personal responsibility, initiative, agile thinking and efficient action. Moreover, we are continuously optimizing our processes and structures, for example by increasingly exploiting the possibilities of digitalization. The improvement of our cost structures is another one of our continuous tasks.

#### People and culture

We can only achieve our goals if we work together successfully. The basis for this is formed by our shared values, such as trust and integrity, as well as shared principles such as the way we operate. We listen carefully to our customers and want to understand them, because this is the only way we can develop technologies that really solve problems. We also know that we will reach our goal faster if we pull together. We don't just pay lip service to the concept of team work, as it is a part of our daily life. We learn from one another and work together to develop new technologies for multiple brands and sectors.

#### Partnerships

We're proud of the things that we've achieved as a company over the past several years and decades. Looking forward, the transformation of our sector, our products and our company requires a substantial input in terms of resources. For this reason we are expressly open to strategically beneficial partnerships. By working together with a suitable partner, we can achieve more in less time, especially when it comes to new technologies. We want to continue forging ahead with the electrification of commercial vehicles by means of the strategic partnership with the American company Proterra Inc. Another good example of this is the fuel-cell partnership that we have agreed upon with the Volvo Group. Its goal is to fully develop, produce and market fuel-cell systems. The focus is on use in heavy-duty trucks; the systems will also be offered for other applications. Daimler Truck AG plans to consolidate all of its current fuel-cell activities, which are combined in Daimler Truck Fuel Cell GmbH & Co. KG, in the new joint venture.

We have recently increased our strength in the area of highly automated driving (SAE Level 4) by means of a partnership with Waymo in the United States in addition to the purchase of a majority holding in Torc Robotics.

The cooperation with Luminar Technologies, Inc., a leading supplier of lidar hardware and software technology, is a further milestone.

In order to strengthen its market position in China, Daimler Trucks plans to produce heavy-duty semitrailer trucks in China in the future and tailor them to the requirements of Chinese customers. These trucks will be produced with the Chinese partner Beiqi Foton Motor Co., Ltd. in the context of the joint venture Beijing Foton Daimler Automotive (BFDA).

At Daimler Buses we are working together with companies such as IVU Traffic Technologies AG to offer digital services in the area of electric mobility.

We want our strategy to successfully shape the transformation of our sector and strengthen the competitiveness of our company.

## Daimler Mobility strategy 2025

The strategic foundation of Daimler Mobility is our ambition to inspire our customers with best-in-class financial and mobility services that are intuitive, flexible and digital. No matter whether we offer financing and leasing services, insurance or fleet management, our private and commercial customers should be able to rely on the fact that our products are simple and self-evident, that they are ideally suitable for their living conditions or business model, and that they can be accessed everywhere and at all times by means of smartphones, tablets or desktop computers.

Our Daimler Mobility 2025 strategy concentrates our activities on our core business in the areas of financing, leasing and insurance. Fleet management, rental and subscription solutions, and mobility investments remain important additions to our portfolio.

Ensuring our customers' utmost satisfaction and loyalty is crucial for our business success. We want to be the best service provider in the captive leasing and financing business. As a marketing intermediary, our objective is to continue to finance or lease one in two of the vehicles sold by the Group. Moreover, we are striving to achieve additional growth with our services for the used-car and fleet business as well as for insurance. We will support the market success of our electric vehicles by customized leasing and financing products. In the field of digitalization, our goal is to fully digitize all customer interactions as well as the associated internal processes that they require.

To do so, we are focusing on four areas of action:

### Drive transformation

We will consistently develop our online business and promote the transition to electric mobility and sustainability. Mercedes-Benz Cars aims to sell 25% of its vehicles online by 2025. We want to support it in the achievement of this goal and provide a smooth digital customer experience from a single source. Among other things, we want to make sure that Daimler Mobility is climate-neutral by the end of 2022. We are offering an uncomplicated and flexible entry into the world of electric mobility in the form of our Mercedes-EQ subscriptions.

### Increase efficiency

We will consistently digitize, automate and consolidate the procedures and loan approval processes throughout the company. To do so, we will radically reduce the diversity of our products. We will systematically streamline our organization and thus make it faster and more powerful.

### Enhance core business

We want to defend and increase our market share of Daimler's vehicle sales by, for example, expanding the pre-owned vehicle financing and fleet management activities and by clearly focusing on customer loyalty.

### Strengthen corporate culture

For us, the focus is on our employees and their qualifications as well as on our management culture and the corporate values they're based on. That's because in the final analysis you can only have the best products, leanest processes and most satisfied customers if you have the best and most highly motivated team. We will therefore continue to strive to be a top employer in the future.

**We intend to use our divisional strategies to shape the transformation of the automotive industry from a position of leadership in a sustainable, customer-focused, innovative and efficient manner.**

## Daimler Mobility strategy 2025

**WE MOVE YOU!** We inspire our customers with best-in-class financial and mobility services - intuitive, flexible and fully digital

### Drive transformation

- Establish online sales
- Offer flexible products
- Speed up e-mobility and sustainability

### Increase efficiency

- Automate and bundle ops
- Simplify product range
- Create lean organization

### Enhance core business

- Push penetration
- Accelerate retention
- Grow user-car portfolio

### Strengthen corporate culture

- Ensure people focus
- Safeguard best skills
- Live core values

