



To Our Shareholders

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“We will build
the world’s most
desirable cars.”

Ola Källenius,
Chairman of the Board of Management
of Daimler AG



Dear Shareholders,

We have an extraordinary year behind us. The global pandemic had a considerable impact on society, politics and the world economy, and thus also on Daimler. We responded at an early stage at all our sites and took a number of effective counter-measures. Our top priority was, and still is, to protect people's health. At the same time, we secured our liquidity, continued to push forward with future projects, and set the course for our long-term development. Our financial results significantly exceeded expectations in 2020, due in particular to a strong fourth quarter. Overall, we successfully steered Daimler through difficult waters. I would like to thank my colleagues for this – for their tireless commitment, their great flexibility, and their strong cohesion.

In 2020, a total of 2.8 million customers chose to buy a vehicle from Daimler. Our revenue amounted to 154.3 billion euros. EBIT increased by 53 percent to 6.6 billion euros. Our net liquidity in the industrial business was 17.9 billion euros at the end of the year. The bottom line was a net profit of 4 billion euros. At the Annual Shareholders' Meeting, the Board of Management and the Supervisory Board will propose the payment of a dividend of one euro and 35 cents per share.

How did the individual divisions contribute to these results?

Mercedes-Benz AG sold 2.5 million cars and vans in 2020. In view of the challenging environment, we are satisfied with that. Mercedes-Benz maintained its position as the world's leading premium manufacturer. Our sustainable business strategy is increasingly reflected by our unit sales. We tripled the sales of our cars with alternative drive systems in 2020 and thus achieved the ambitious CO₂ limits in Europe. China continues to be our biggest market. With a twelve percent increase, we posted record unit sales there in 2020. The most important new product of the past year was the new S-Class. Demand for our flagship is at a high level. The new model drives off the assembly line in Factory 56. What has long been regarded as the production of the future is already a reality in this new factory, which combines flexibility, efficiency, digitization and sustainability. It is a flagship of the newly defined strategy of Mercedes-Benz. Our aspiration: We will build the world's most desirable cars.

Sales of our electric vans also developed positively. In Europe, we are the market leader in the segments of mid-size and large electric vans, each with a market share of more than one third.

Economic uncertainties are particularly noticeable in the commercial-vehicle markets. Compared with record year 2019, unit sales at **Daimler Truck AG** were down by more than a quarter in 2020. However, demand in our important US market picked up again. We were able to extend our market leadership in almost all of our core markets. At the same time, we set some important strategic markers: We will produce Mercedes-Benz trucks in China in a few years' time, enabling us to make even better use of that market's great potential. We are working with Volvo in a joint venture to bring hydrogen technology to production maturity even faster. And we have realigned our strategy for autonomous driving.

The development of automotive markets also had an impact on the business of **Daimler Mobility AG**. Contract volume decreased, but we continue to finance or lease half of the vehicles we sell.

Across all our divisions, we made significant progress with efficiency in 2020. We will continue along this path with the same discipline. The pandemic has once again made it clear that efficiency is a prerequisite for the ability to act effectively.

Looking ahead, we are pursuing two main strategic priorities: digitization and electrification. We are cooperating with strong partners in both fields. In this way, we are not only accelerating technological developments, we are also sharing the costs.

In terms of **digitization**, the latest generation of our MBUX infotainment system was launched in 2020. It will be followed this year by the next milestone, the MBUX Hyperscreen, a display that extends across almost the entire width of the cockpit. This allows us to combine design, technology and interaction in the vehicle in a way that is currently unique. Thanks to artificial intelligence, the system gets to know the customer better and better and delivers a personalized infotainment offering adapted to each situation.

At the same time, we are developing one of the most intelligent computer architectures for automated driving functions ever seen in a vehicle. We will roll it out across our car fleet from 2024 onwards. Customers will then always be able to access the latest software, the latest driver assistance systems or the latest generation of digital services long after they have bought their car. The idea is that the purchase of a car is no longer the high point between the customer and us, but rather a starting point.

We took the next step in **electrification** at the beginning of the year with the new EQA, the first all-electric Mercedes-EQ model in the compact segment. We will continue in the spring with the EQS: Our electric flagship in the S-Class segment has a range of around 700 kilometers (WLTP) on a single battery charge. The EQS will also change the way we think about cars. It is the first all-electric Mercedes-Benz that we have developed as an electric car right from the start. This opens up new possibilities, in vehicle design, for example. Next year, our portfolio will include eight all-electric Mercedes-EQ models. Production at our own car plants will then be completely CO₂-neutral.

With the vans, we have developed a new platform for the next generation of the eSprinter. This gives us maximum flexibility, to implement numerous body variants, for example. Because whether combustion engine or electric drive, the individual needs of our customers are at the heart of everything we do.

We are also systematically expanding our range of CO₂-neutral options for trucks. We are pursuing a twin-track strategy here. Series production of the battery-electric eActros starts this year. In parallel, we are developing fuel-cell trucks for long distances and heavier loads. We have provided a glimpse of the future with our Gen H2 concept truck. This is a heavy-duty truck with a range of up to 1,000 kilometers, equivalent to that of a diesel truck. We are leveraging synergies and systematically implementing our electrification strategy also at the Freightliner and FUSO brands.

All of these examples show that market environment and customer requirements as well as approaches to technologies and partnerships differ between cars and trucks. The ongoing transformation is increasingly intensifying these differences. To shape change successfully, we need speed, agility and full focus on innovation more than ever. This is why we intend to propose to you, at an Extraordinary Shareholders' Meeting in the fall, that a significant majority interest in Daimler Truck be transferred to the Daimler shareholders by way of a spin-off. In this case, it is planned that the transaction and the stock-exchange listing of Daimler Truck will be completed by the end of 2021.

In this way, we want to give our trucks and buses division full entrepreneurial freedom – and thus the opportunity to leverage economies of scale even more effectively, to further increase profitability, and to make even faster progress on the road to zero-emission goods transport. At the same time, we want to further sharpen the profile of Mercedes-Benz: as one of the leading suppliers of luxury cars and premium vans, with a strong brand, and with a clear strategic course towards technology leadership, especially for electric mobility and vehicle software. With independence comes maximum customer focus and even greater entrepreneurial responsibility. These are the best possible ingredients for creating added value for you, the shareholders, and for unleashing the full potential of the companies.

For the two companies, the future of mobility will be decarbonization and digitization. We set the strategic course for this long ago. The results can be experienced on the road today and will become even more visible this year. At the same time, we are confident that, given stable conditions, we will be able to continue the positive trend from last year in our business development. Because we are convinced that our future will be sustainably fascinating, sustainably climate-neutral, and, last but not least, sustainably profitable. We are shaping this change with courage, passion and responsibility. I look forward to you continuing to accompany us on this path.

Sincerely yours,



Ola Källenius

The Board of Management

Ola Källenius

Chairman of the Board of Management of Daimler AG/
Mercedes-Benz Cars & Vans
Appointed until May 2024

Martin Daum

Daimler Trucks & Buses
Appointed until February 2022

Renata Jungo Brüngger

Integrity and Legal Affairs
Appointed until December 2023

Wilfried Porth

Human Resources and Director of Labor Relations
Appointed until April 2022

Markus Schäfer

Group Research and Mercedes-Benz Cars Chief Operating
Officer (COO)
Appointed until May 2024

Britta Seeger

Mercedes-Benz Cars Marketing and Sales
Appointed until December 2024

Hubertus Troska

Greater China
Appointed until December 2025

Harald Wilhelm

Finance & Controlling/Daimler Mobility
Appointed until March 2022



“The Daimler Group is extremely well positioned for the future.”

**Dr. Manfred Bischoff,
Chairman of the Supervisory Board
of Daimler AG**

Report of the Supervisory Board

Dear Shareholders,

The year 2020 was the most challenging for our Company during my period of office as Chairman of the Supervisory Board. In addition to the challenges posed by the global covid-19 pandemic, the transformation towards sustainable emission-free mobility with the main aspects of electrification and digitization had to be pushed forward at full speed. In addition, expectations for growth rates in the automotive sector weakened. At the same time, it was necessary to keep an eye on risks from political conflicts concerning the free movement of goods. Daimler had to revise and, in some cases, redefine the main points of its strategy. In close consultation with the Supervisory Board, the Board of Management took timely measures to safeguard liquidity, reduce costs and restructure the Group, without losing its focus on the technological fields of the future. We therefore have many good reasons to be confident that our Company will emerge strengthened for the future years as a result of the measures initiated.

Supervisory and advisory activities of the Supervisory Board

The Supervisory Board of Daimler AG fully performed its tasks as defined by the law, the Company's Articles of Incorporation and its own rules of procedure once again in the year 2020.

The Supervisory Board continually advised and supervised the Board of Management in the management of the Company and provided support with strategically important issues relating to the Group's further development.

The Supervisory Board examined whether the annual company and consolidated financial statements, the combined management report including the non-financial declaration (2020), and the other financial reporting, as well as the non-financial report (2019) for Daimler AG and the Daimler Group, were in conformance with the applicable requirements.

In addition, it approved numerous business matters for which its consent was required following careful reviews and consultations. As well as the finance and investment planning, this also included cooperation plans, major equity measures at companies of the Group, and the conclusion of contracts with particular importance for the Group. The Board of Management informed the Supervisory Board about a large number of further measures and business matters, and discussed them with it intensively and in detail, such as the impact on the Group of the covid-19 pandemic and the countermeasures taken.

The Board of Management regularly informed the Supervisory Board about all significant economic developments of the Group and the divisions. It continually provided information to it on all fundamental questions of corporate planning, including finance, investment, sales and personnel planning, current developments at the companies of the Group, the development of revenue, the situation of the Company and the divisions, and the economic and political environment, as well as on the current status and assessment of significant legal proceedings. Furthermore, the Board of Management reported to the Supervisory Board continually on profitability and the Group's

liquidity situation, the development of sales and procurement markets, the overall economic situation, and developments in the capital markets and the area of financial services. Additional topics included the further development of the product portfolio, securing the Group's long-term competitiveness, and the ongoing implementation of measures for safeguarding sustainable and future-oriented mobility. The Supervisory Board also dealt in detail with political developments and conflicts in the main sales markets, the shareholder structure, the development of the share price and the related background, and the expected impact of strategic projects on the share price.

Working culture and areas of Supervisory Board activity

In the year 2020, the Supervisory Board convened for nine meetings, some of which took place by telephone or as video conferences due to the pandemic. Participation in the meetings by the members of the Supervisory Board was at a very high level once again, as shown in the detailed overview at the end of this report. The work of the Supervisory Board featured open and intensive exchanges of information and opinions. The members of the Supervisory Board regularly prepared for upcoming resolutions with the aid of documentation provided in advance by the Board of Management. Furthermore, the members representing the employees and the members representing the shareholders regularly prepared the Supervisory Board meetings in separate discussions, which were also attended by members of the Board of Management. The Supervisory Board was also intensively supported by its committees. In the meetings of the Supervisory Board, its members discussed in detail with the Board of Management the measures and business matters to be decided upon. Executive sessions were regularly arranged for the meetings so that topics could be discussed also in the absence of the Board of Management.

Outside the regular meetings, the Supervisory Board was informed about special matters. In addition, the members of the Supervisory Board and of the Board of Management came together for bilateral exchanges of opinions. The Board of Management informed the Supervisory Board also with written reports about the most important indicators of business

development and existing risks, in particular in the spring of 2020 during the first peak phase of the covid-19 pandemic. The Supervisory Board received weekly reports on its impact as well as on the status of mitigating measures taken.

The members of the Supervisory Board independently attend such courses of training and further training regarded as necessary for the performance of their tasks, relating for example to changes in the legal framework and new, future-oriented technologies, in which they are supported by the Company. During the reporting period, the Company held information events on the expansion of the technical compliance management system and, together with the external auditors, on risk-oriented auditing. Furthermore, in a special onboarding program, new members of the Supervisory Board have the opportunity to meet the members of the Board of Management and senior executives with specialist responsibility for a bilateral exchange of opinions and information on fundamental and current topics of the various Board of Management areas, allowing them to gain an overview of the topics relevant to the Daimler Group and of its governance structure.

In its meeting on February 10, 2020, which was attended by the external auditors, the Supervisory Board discussed, took note of and approved the preliminary key figures of the annual company and consolidated financial statements for 2019 and the dividend proposal to be made at the 2020 Annual Shareholders' Meeting. The Supervisory Board determined that no objections were to be raised to their publication. The preliminary key figures for the year 2019 and the proposal on the appropriation of profit were announced at the Annual Press Conference on February 11, 2020.

In the Supervisory Board meeting held on February 19, 2020, the Supervisory Board decided to appoint Hubertus Troska as a member of the Board of Management of Daimler AG for a period of a further five years as of January 1, 2021, with responsibility for Greater China.

Subsequently, it dealt with the annual company financial statements, the annual consolidated financial statements and the combined management report for Daimler AG and the Daimler Group for the year 2019, each of which had been issued with an unqualified audit opinion by the external auditors, as well as with the reports of the Audit Committee and the Supervisory Board, the declaration on corporate governance combined with the corporate governance report, the remuneration report, the nonfinancial report, which was issued with the independent auditor's limited assurance in accordance with ISAE 3000, and the proposal on the appropriation of profit. In preparation, the members of the Supervisory Board had been provided with comprehensive documentation.

The Audit Committee and the Supervisory Board dealt with those documents in detail and discussed them intensively in the presence of the independent auditors. The independent auditors reported on the results of their audit and on the key audit matters and the respective audit procedure, including the conclusions drawn, as well as on the voluntary review of the non-financial report within the framework of a limited assurance engagement, and were available to answer questions and to provide further information. Following the final results of the review by the Audit Committee and its own review, the Supervisory Board declared its agreement with the results of the audit carried out by the external auditors. It determined that

no objections were to be raised, approved the financial statements and the combined management report as presented by the Board of Management, and thus adopted the financial statements of Daimler AG for the year 2019. On this basis, the Supervisory Board consented to the proposal made by the Board of Management on the appropriation of distributable profit. In addition, the Supervisory Board approved the non-financial report, the report of the Supervisory Board, the corporate government statement combined with the corporate governance report, and the remuneration report.

In its meeting on February 19, 2020, the Supervisory Board also decided on its proposed resolutions for the agenda of the 2020 Annual Shareholders' Meeting, which at that time was still planned to be held on April 1, 2020, including the proposals for election as described in this report. The Supervisory Board also dealt with matters pertaining to the remuneration of the members of the Board of Management and, in connection with the item of the agenda on corporate governance, approved the memberships of other boards and further external secondary activities of the members of the Board of Management that were presented in the meeting. In addition, the Supervisory Board decided to have a voluntary review of the contents of the 2020 non-financial report conducted by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, in the form of a limited assurance. Another matter dealt with in the meeting was the court proceedings in connection with diesel exhaust emissions. Following careful and intensive discussion of the relevant aspects and consideration of the relevant reasons, while taking into account the best interests of the Company and a corresponding positive recommendation on a resolution by the Supervisory Board's Committee for Legal Affairs, the Supervisory Board approved the Board of Management's decision on the settlement of a securities class action relating to diesel exhaust emissions in the United States. In preparation for its decision, the Supervisory Board had obtained an expert opinion from an independent law firm. Both the Supervisory Board and the Executive Board are of the opinion that the settlement was in the interests of the Company. Once again, the question of possible claims for compensation against former or present members of the Board of Management in connection with antitrust issues, in particular with regard to the European Commission's concluded antitrust proceedings against truck manufacturers, and the ongoing investigations relating to the antitrust proceedings of the European Commission concerning possible restrictions of competition with exhaust-gas cleaning technologies was dealt with. On the basis of the reviews carried out so far and repeatedly updated by an independent law firm, a further review by an independent legal academic, as well as detailed discussions in the Supervisory Board taking into account the welfare of the Company, as well as in the context of further deliberations on these issues in the meetings on July 23 and December 3, 2020 (in accordance with corresponding recommendations of the Supervisory Board Committee for Legal Affairs), the Supervisory Board maintained its previous resolution, based on the information available, that no such claims were to be made at the present time. In this context, it dealt with possible risks arising from the statute of limitations and arranged for appropriate precautions to be taken. Finally, the Supervisory Board received reports on the external certification of selected partial areas of the compliance management system.

In the Supervisory Board meeting held on April 29, 2020, the Board of Management first reported on the measures taken in connection with the covid-19 pandemic. The Supervisory Board then approved the release of funds for a number of vehicle projects. The agenda also included the MOVE transformation program and the measures initiated to reduce product-related complexity at Mercedes-Benz Cars. In addition, the Supervisory Board dealt with the strategic alignment of the Daimler Mobility division, focusing in particular on mobility services. The Supervisory Board also received reports on current legal issues. This related in particular to requests for information, inquiries, investigations, administrative orders and proceedings in connection with diesel exhaust emissions. Finally, the meeting dealt with the resolutions required for holding a virtual Annual Shareholders' Meeting.

During the virtual Annual Shareholders' Meeting on July 8, 2020, the candidate proposed by the Supervisory Board, Timotheus Höttges, was elected as a member of the Supervisory Board representing the shareholders. In the Supervisory Board meeting held the next day, July 9, 2020, the representatives of the shareholders elected Dr. Bernd Pischetsrieder as a member of the Nomination Committee as successor to Dr. Paul Achleitner, who had stepped down from the Supervisory Board.

The Supervisory Board convened for another meeting in late July 2020. One focus of this meeting was the ongoing electrification of the product portfolio. In particular, the Supervisory Board confirmed the Mercedes modular architecture, which implements the »electric-first policy«. Furthermore, the Supervisory Board discussed in detail with the Board of Management the course of business and the results for the first half of the year, which exceeded market expectations. The Board of Management also provided updates on urban mobility solutions and the strategy of Daimler Trucks & Buses, which was further enhanced in view of the transformation of the industry and with regard to the overarching area of action of creating added value for the customers.

Within the context of an integrity update, the Supervisory Board received a report on the activities for the further development of the integrity culture in the various areas of the Group. Finally, the Supervisory Board dealt once again with the antitrust-related proceedings and received a detailed report on the requests for information, inquiries, investigations, administrative orders and proceedings relating to diesel exhaust emissions.

In an extraordinary meeting held on August 13, 2020, following careful and intensive discussion of the relevant aspects and consideration of the relevant reasons, while taking into account the best interests of the Company and a corresponding positive recommendation on a resolution by the Supervisory Board's Committee for Legal Affairs, the Supervisory Board approved the Board of Management's decision on the settlement of governmental and civil-law proceedings in the United States relating to diesel exhaust emissions. In preparation for its decision, the Supervisory Board was provided with several expert opinions from several independent law firms. Both the Supervisory Board and the Board of Management are of the opinion that the settlements were in the interests of the Company.

Strategy meeting of the Supervisory Board

At the beginning of the two-day strategy workshop in Sindelfingen in late September, the Supervisory Board granted its consent to cooperation with the Zhejiang Geely Holding Group on the development of a highly efficient next-generation drive system for hybrid applications, as well as to a capital measure to be taken at a company of the Group.

The focus of the meeting was on dealing with the strategies of the individual divisions. At Mercedes-Benz AG, the focus was on setting the strategic course for profitable growth in the luxury segment and on efforts to become a leader for electric drive systems and vehicle software. At Daimler Truck AG, the strategic focus was on electric mobility, vehicle connectivity and autonomous driving. At Daimler Mobility AG, the focus was on financing, leasing, and insurance offerings in close interaction with the mobility offerings. The Supervisory Board discussed in detail the goals and the strategic areas for action of the individual divisions. With the involvement of the executives responsible for the topics presented, the members of the Supervisory Board and the Board of Management discussed in a constructive and open dialog how Daimler will prepare for new challenges and which further developments lie ahead. The discussion included the geopolitical situation with regard to tensions between China and the United States, possible political developments and their effects on Daimler. The Supervisory Board also discussed the key financial figures and the targets for the Group and the divisions. Another item on the agenda was the Company's involvement in Formula 1 racing. The Supervisory Board also received information on current legal issues, including the procedural steps taken with regard to the settlement of regulatory and civil proceedings in the United States in connection with diesel exhaust emissions.

At an extraordinary meeting on November 4, 2020, the Supervisory Board dealt with M&A, cooperation and battery and transmission projects. It approved the related funding requirements and approved the sale of the car plant in Hambach, France, by transferring all shares in smart France S.A.S. to INEOS Automotive.

Meeting on Daimler's business planning

In the meeting held on December 3, 2020, the Supervisory Board first decided on the proposals for election to be made at the 2021 Annual Shareholders' Meeting described in this report. The Supervisory Board agreed to propose at the meeting of the newly constituted Supervisory Board after the 2021 Annual Shareholders' Meeting that Dr. Bernd Pischetsrieder be elected as Chairman of the Supervisory Board. In the further course of the meeting, the Supervisory Board approved a number of measures requiring its consent and dealt with the report of the Board of Management on the development of current and completed acquisitions and cooperations. Furthermore, the Supervisory Board discussed and approved Daimler's business planning on the basis of comprehensive documentation and, in this context, discussed existing opportunities and risks. It also approved the establishment of a transformation fund with a volume of up to €1 billion. On the basis of the Board of Management's decision to integrate the non-financial report into the management report, the Supervisory Board also decided, on the recommendation of the Audit Committee, to extend the external audit of the consolidated financial statements and combined management report accordingly.

The Supervisory Board also received information on current legal issues, including requests for information, inquiries, investigations, official orders and proceedings in connection with diesel exhaust emissions. At the meeting, the Supervisory Board received reports from its legal advisers on the progress of the investigation into responsibilities in connection with diesel emissions. The question of possible claims for damages against former or current Board of Management members in connection with the antitrust issues was also dealt with once again. The Supervisory Board decided to discuss the further course of action in the antitrust matters again, taking further developments into account. In this context, the Supervisory Board dealt with any risks relating to the statute of limitations and initiated appropriate precautions.

Other items on the agenda included matters of corporate governance, in particular the declaration of compliance with the German Corporate Governance Code, the setting of a target for the proportion of women in the Board of Management, and the adjustment of the requirements profiles for the Board of Management and the Supervisory Board. The Supervisory Board also looked ahead to key topics for the 2021 financial year. Finally, based on preparations by the Presidential Committee, it dealt with the further development of the system of Board of Management remuneration. Details of the system of Board of Management remuneration and the adjustments to the annual bonus are explained in the [Remuneration Report](#).

Fundamental change in the corporate structure

At an extraordinary meeting on February 3, 2021, the Supervisory Board granted its approval, after detailed prior discussion, to evaluate a spin-off of the Truck & Bus business and to begin preparations for a separate stock-exchange listing of Daimler Truck. As a result of the spin-off, which requires the approval of the Annual Shareholders' Meeting, a substantial majority shareholding in Daimler Truck is to be transferred to Daimler shareholders.

Corporate governance and declaration of compliance

During the year 2020, the Supervisory Board was continually occupied with standards of good corporate governance.

In its meeting in December 2020, the Supervisory Board approved the 2020 declaration of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG). With the exceptions explained there, all recommendations of the Code have been and continue to be complied with.

In accordance with good corporate governance, the members of the Supervisory Board of Daimler AG are obliged to disclose conflicts of interest – especially those that might arise due to an advisory or board function for a customer, supplier or creditor of Daimler, or for other third parties – to the entire Supervisory Board.

In order to avoid the appearance of potential conflicts of interest arising from specific situations, some members of the Supervisory Board did not participate in discussions of certain items of the agendas in the year 2020. This was the case with Sari Baldauf in connection with the patent disputes between Daimler and Nokia. Furthermore, as a highly precautionary measure to avoid potential conflicts of interest, Dr. Bernd Pischetsrieder and Dr. Jürgen Hambrecht refrained from participating in several meetings when legal proceedings in connection with diesel exhaust emissions were being dealt with. The Supervisory Board conducted an externally moderated self-assessment in 2020. It covered all key aspects of the work of the Supervisory Board including its committees by means of an online questionnaire and supplementary interviews. The results of the review, which the Supervisory Board dealt with in depth at its meeting on February 17, 2021, confirm the professional, very good cooperation within the Supervisory Board and with the Board of Management characterized by a high degree of trust. No fundamental need for change was shown.

Independently of the Supervisory Board's self-assessment, the Audit Committee again carried out a self-assessment of its activities in 2020 on the basis of a comprehensive Group-specific questionnaire. The results of this self-assessment, which were again very positive, were presented and discussed in the meeting of the Audit Committee on February 17, 2021. No need for change was identified.

Law for the equal participation of women and men in management positions

For supervisory boards of listed companies subject to parity codetermination, like that of Daimler AG, the German Stock Corporation Act prescribes a binding gender ratio of at least 30% women. The ratio is to apply to the entire supervisory board. If the side of the supervisory board representing the shareholders or the side representing the employees objects to the chairman of the supervisory board before the election about the application of the ratio to the entire supervisory board, the minimum ratio is to apply separately to the shareholders' side and to the employees' side for that election.

As of December 31, 2020, the shareholders' side of the Supervisory Board of Daimler AG is composed of 30% women (the members Sari Baldauf, Petraea Heynike and Marie Wieck) and 70% men. On the employees' side, the proportions as of that date are 30% women (the members Elke Tönjes-Werner, Sibylle Wankel and Dr. Sabine Zimmer) and 70% men. The Supervisory Board as a whole therefore also fulfills the statutory quota.

In its meeting on December 3, 2020, the Supervisory Board discussed the specific proposals for the candidates to be elected at the 2021 Annual Shareholders' Meeting and decided, upon the recommendation of the Nomination Committee, to propose at the 2021 Annual Shareholders' Meeting that Elizabeth Centoni, Ben Van Beurden and Dr. Martin Brudermüller be elected to the Supervisory Board for the first time. If the proposed candidates are elected, the statutory quota for women will remain fulfilled both on the shareholder side and for the Supervisory Board as a whole, provided there are no other changes.

For the composition of the Board of Management, the Supervisory Board set the target in December 2016 of at least 12.5% women, to be achieved by December 31, 2020. As of December 31, 2020, two women are members of the Board of Management: Renata Jungo Brüngger and Britta Seeger; the proportion of women is therefore 25% as of that date. The target was thus exceeded.

In its meeting on December 3, 2020, the Supervisory Board set a new target of a proportion of at least 25% women as members of the Board of Management, to be achieved by December 31, 2025.

Corporate governance at Daimler is described in detail in the [Declaration on Corporate Governance](#) and in the [Remuneration Report](#).

The work of the committees

The **Presidential Committee** convened in the past financial year for three meetings. It dealt in particular with personnel matters and succession planning for the composition of the Board of Management. In addition, the Presidential Committee dealt with the acceptance by members of the Board of Management of board positions at other companies and institutions, corporate governance topics, D&O insurance and matters of remuneration. Details of the remuneration of the Board of Management are presented in the [Remuneration Report](#).

The **Audit Committee** met six times in 2020. Details of those meetings are provided in the [Report of the Audit Committee](#).

The **Committee for Legal Affairs** held five meetings in 2020. At these meetings, it received detailed information on legal matters concerning emissions and antitrust law, as well as the related further development of the compliance system, and discussed those matters in the presence of the Supervisory Board's legal advisors. The Committee received reports from the legal advisors commissioned by the Supervisory Board on the progress of the examination of responsibilities in connection with diesel exhaust emissions. The Committee regularly reported to the Supervisory Board on its work and, after discussing and considering the relevant aspects and taking into account the best interests of the Company, made recommendations for resolutions by the Supervisory Board. In particular, this concerned the resolution of the Supervisory Board of February 19, 2020, to approve the decision of the Board of Management on the settlement of a securities class-action lawsuit in the United States in connection with diesel exhaust emissions, and the Supervisory Board's resolution of August 13, 2020, to approve the decision of the Board of Management on the settlement of regulatory and civil proceedings in the United States in connection with diesel emissions. Within the framework of the agreement in principle reached with various US authorities during the reporting period to end regulatory proceedings for alleged violations of US and Californian environmental laws in connection with diesel exhaust emissions, the Committee was given further tasks and decision-making authority with regard to fulfilling the obligations accepted in the agreement in principle. In several meetings, these

obligations and working with the Post Settlement Audit Team (PSAT) were explained to the Committee. The PSAT was set up in the reporting year on the basis of the settlement with the US authorities and audits the company's compliance with the settlement and environmental regulations within a certain scope.

In addition, the Committee for Legal Affairs dealt intensively with the antitrust matters that were a subject of the Supervisory Board meetings on February 19, July 23, and December 3, 2020, and - in each case after detailed discussion, also with the legal advisors - made corresponding recommendations for resolutions, each of which were the subject of further discussions in the Supervisory Board.

The **Nomination Committee** convened for four meetings in 2020. The Committee dealt in particular with the recommendation for the Supervisory Board's proposals to be made at the Annual Shareholders' Meeting in 2021 on the candidates for election to the Supervisory Board. Among other things, and taking into consideration all circumstances of each individual case, the proposal is oriented towards the Daimler Group's interests and aims to fulfill the overall qualification profile for the entire Supervisory Board, including expertise profile and diversity concept. In addition, the Committee dealt with the succession, due in 2021, to the position of Chairman of the Supervisory Board.

There was no occasion to convene the **Mediation Committee** during the reporting period.

Changes in the Supervisory Board and the Board of Management

In the Supervisory Board meeting on February 19, 2020, Hubertus Troska was appointed to the Board of Management of Daimler AG, responsible for Greater China, for a further period of five years with effect as of January 1, 2021.

Following the proposal of the Supervisory Board, the Annual Shareholders' Meeting on July 8, 2020 elected Timotheus Höttges as a member of the Supervisory Board representing the shareholders for the period until the end of the Annual Shareholders' Meeting that decides on ratification of board members' actions for financial year 2024.

In the Supervisory Board meeting on December 3, 2020, on the basis of a recommendation by the Nomination Committee, the members representing the shareholders resolved to propose to the 2021 Annual Shareholders' Meeting that Elizabeth Centoni, Ben Van Beurden and Dr. Martin Bruder Müller be elected to the Supervisory Board. At its meeting on December 3, 2020, the Supervisory Board of Daimler AG also agreed to propose to the newly constituted Supervisory Board at its meeting following the Annual Shareholders' Meeting on March 31, 2021 that Dr. Bernd Pischetsrieder be elected as Chairman of the Supervisory Board.

Audit of the company and consolidated financial statements

The financial statements of Daimler AG and the combined management report for the Company and the Group for 2020 were duly audited by KPMG AG, Wirtschaftsprüfungsgesellschaft, Berlin, and were given an unqualified audit opinion. The same applies to the consolidated financial statements for 2020 prepared according to IFRS.

In the meeting held on February 17, 2021, the Supervisory Board dealt with the annual company financial statements, the annual consolidated financial statements and the combined management report including the non-financial declaration for Daimler AG and the Daimler Group, each of which had been issued with an unqualified audit opinion by the independent auditors, as well as the declaration on corporate governance, the remuneration report and the proposal on the appropriation of profit. In preparation, the members of the Supervisory Board had been provided with comprehensive documentation including the Annual Report with the consolidated financial statements according to IFRS, the combined management report including the non-financial declaration for Daimler AG and the Daimler Group, as well as the declaration on corporate governance, the remuneration report, the annual company financial statements of Daimler AG, the proposal of the Board of Management on the appropriation of profit, the audit reports of KPMG AG Wirtschaftsprüfungsgesellschaft on the annual company financial statements of Daimler AG and the consolidated financial statements, each including the combined management report, and the internal control system, as well as drafts of the reports of the Supervisory Board and of the Audit Committee.

The Audit Committee and the Supervisory Board dealt with those documents in detail and discussed them intensively in the presence of the independent auditors, who reported on the results of their audit and in particular on the key audit matters and the respective audit procedure including the conclusions drawn, and who were available to answer supplementary questions and to provide additional information. Following the final results of the review by the Audit Committee and its own review, the Supervisory Board declared its agreement with the results of the audit by the external auditors. It determined that no objections were to be raised and approved the financial statements and the combined management report as presented by the Board of Management, including the non-financial declaration. The company financial statements of Daimler AG for the year 2020 were thereby adopted. On this basis, the Supervisory Board consented to the proposal made by the Board of Management on the appropriation of distributable profit. Furthermore, the Supervisory Board approved the report of the Supervisory Board, the declaration on corporate governance and the remuneration report, as well as its proposed resolutions on the items of the agenda for the 2021 Annual Shareholders' Meeting.

Appreciation

The Supervisory Board thanks all the employees and the management of the Daimler Group for their commitment and contributions in a financial year 2020 marked by the covid-19 pandemic.

The Supervisory Board also thanks Dr. Paul Achleitner, who closely accompanied the Company through his dedicated work in the Supervisory Board and stepped down from the Supervisory Board last year.

Stuttgart, February 2021

The Supervisory Board



Dr. Manfred Bischoff
Chairman

A.01**Individualized disclosure of participation in meetings by the members of the Supervisory Board of Daimler AG in the 2020 financial year**

2020	Participation	Presence (%)
Supervisory Board		
Dr. Manfred Bischoff (Chairman)	9/9	100
Dr. Paul Achleitner (until July 8, 2020)	3/3	100
Bader M. Al Saad	9/9	100
Sari Baldauf	8/9	89
Michael Bettag	9/9	100
Dr. Clemens Börsig	9/9	100
Michael Brecht	9/9	100
Raymond Curry	9/9	100
Michael Häberle	9/9	100
Dr. Jürgen Hambrecht	8/9	89
Petraea Heynike	9/9	100
Timotheus Höttges (since July 8, 2020)	6/6	100
Joe Kaeser	9/9	100
Ergun Lümali	9/9	100
Dr. Bernd Pischetsrieder	8/9	89
Elke Tönjes-Werner	9/9	100
Sibylle Wankel	9/9	100
Dr. Frank Weber	9/9	100
Marie Wieck	9/9	100
Dr. Sabine Zimmer	9/9	100
Roman Zitzelsberger	9/9	100
Presidential Committee		
Dr. Manfred Bischoff (Chairman)	3/3	100
Michael Brecht	3/3	100
Dr. Jürgen Hambrecht	2/3	67
Roman Zitzelsberger	3/3	100
Audit Committee		
Dr. Clemens Börsig (Chairman)	6/6	100
Michael Brecht	6/6	100
Joe Kaeser	6/6	100
Ergun Lümali	6/6	100
Nomination Committee		
Dr. Manfred Bischoff (Chairman)	4/4	100
Dr. Paul Achleitner (until July 8, 2020)	2/2	100
Sari Baldauf	4/4	100
Dr. Bernd Pischetsrieder (since July 9, 2020)	2/2	100
Committee for Legal Affairs		
Dr. Clemens Börsig (Chairman)	5/5	100
Dr. Manfred Bischoff	5/5	100
Michael Brecht	5/5	100
Michael Häberle	5/5	100
Sibylle Wankel	5/5	100
Marie Wieck	5/5	100

The Supervisory Board

Dr. Manfred Bischoff

Chairman of the Supervisory Board of Daimler AG
Elected until 2021

Michael Brecht*

Deputy Chairman of the Supervisory Board of Daimler AG;
Chairman of the General Works Council, Daimler Group;
Chairman of the General Works Council, Daimler AG;
Chairman of the Works Council, Mercedes-Benz Plant
Gaggenau
Elected until 2023

Dr. Paul Achleitner

Chairman of the Supervisory Board of Deutsche Bank AG
Stepped down on July 8, 2020

Bader M. Al Saad

Member of the Executive Committee of the Board of Directors
of Kuwait Investment Authority
Elected until 2022

Sari Baldauf

Former Executive Vice President and General Manager of the
Networks Business Group of Nokia Corporation
Elected until 2023

Michael Bettag*

Chairman of the Works Council, Mercedes-Benz AG Dealership
Nürnberg
Elected until 2023

Dr. Clemens Börsig

Former Chairman of the Supervisory Board of Deutsche Bank
AG
Elected until 2022

Raymond Curry*

Secretary-Treasurer, United Auto Workers (UAW)
Elected until 2023

Dr. Jürgen Hambrecht

Former Chairman of the Supervisory Board of BASF SE
Elected until 2023

Michael Häberle*

Chairman of the Works Council, Mercedes-Benz Plant
Untertürkheim
Elected until 2023

Petraea Heynike

Former Executive Vice President of the Executive Board
of Nestlé S. A.
Elected until 2021

Timotheus Höttges

Chief Executive Officer of Deutsche Telekom AG
Elected until 2025
(since July 8, 2020)

Joe Kaeser

Chairman of the Supervisory Board of Siemens Energy AG
Elected until 2024

Ergun Lümali*

Deputy Chairman of the General Works Council, Daimler
Group;
Deputy Chairman of the General Works Council, Daimler AG;
Chairman of the Works Council, Mercedes-Benz Plant
Sindelfingen
Elected until 2023

Dr. Bernd Pischetsrieder

Former Chairman of the Supervisory Board of Münchener
Rückversicherungs-Gesellschaft Aktiengesellschaft in
München
Elected until 2024

Elke Tönjes-Werner*

Deputy Chairwoman of the Works Council, Mercedes-Benz
Plant Bremen
Elected until 2023

Sibylle Wankel*

General Legal Counsel of the German Metalworkers' Union (IG
Metall)
Elected until 2023

Dr. Frank Weber*

Center Manager BodyTEC, Mercedes-Benz AG;
Chairman of the Management Representative Committee,
Daimler Group
Elected until 2023

Marie Wieck

Former General Manager of IBM Blockchain
Elected until 2023

Dr. Sabine Zimmer*

Manager Vocational Training Policies Germany, Daimler Group
Elected until 2023

Roman Zitzelsberger*

District Manager Baden-Württemberg, German Metalworkers'
Union (IG Metall)
Elected until 2023

* Employee representatives

Detailed information on the members of the Supervisory Board, their positions in other supervisory boards or comparable monitoring boards and their curriculum vitae, and on the committees of the Supervisory Board, can be found on the Internet at:

 daimler.com/company/corporate-governance/supervisory-board/

Daimler and the Capital Market

Global stock markets were marked by a high level of volatility due to uncertainties relating to the covid-19 pandemic. The Daimler share was also subject to sharp fluctuations in 2020, but nevertheless increased by 17% over the course of the year. During the year under review, we continued to inform institutional investors, sustainability-focused investors, analysts, rating agencies and private investors by means of a wide range of investor relations activities and comprehensive reporting on the Group's business development and prospects. The Board of Management and the Supervisory Board will propose to the Annual Shareholders' Meeting that a dividend of €1.35 (2019: €0.90) per share be paid for 2020.

A.02

Development of Daimler's share price and of major indices

	End of 2020	End of 2019	20/19 % change
Daimler share price (in euros)	57.79	49.37	+17
Highest ¹	58.77	59.31	-1
Lowest ¹	21.84	40.53	-46
DAX 30	13,719	13,249	+4
Euro STOXX 50	3,553	3,745	-5
STOXX Europe Auto Index	528	509	+4

¹ Closing prices

Daimler share price rises 17% over the year

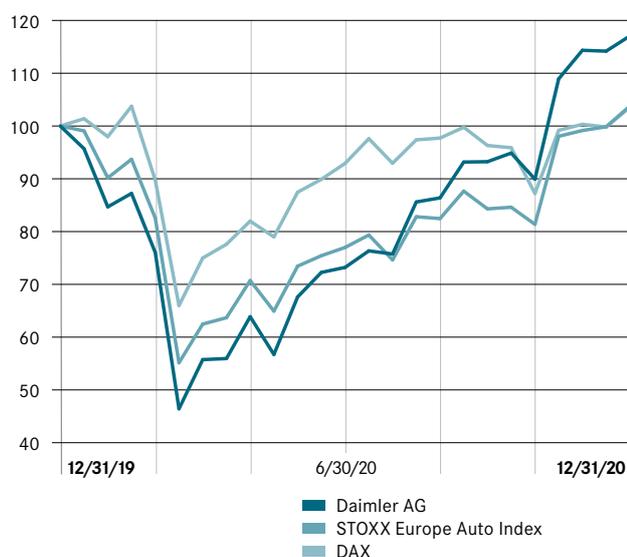
In view of the ongoing transformation of the automotive industry, investors maintained a reserved position with regard to automotive stocks up until mid-February. After that, developments were impacted by growing concerns relating to the coronavirus, with the mood on stock markets deteriorating dramatically as a result. Just a few days after we announced that due to the expanding scope of the covid-19 pandemic we would be suspending most of our production operations and the activities in selected administrative departments in Europe for an initial period of two weeks, the Daimler share price dropped to its lowest point of the year in a very weak stock-market environment, falling to €21.84 on March 19.

Stock prices then began rising significantly, mainly as a response to the implementation of various monetary and fiscal policy measures. The Daimler share price also recorded a significant increase during this period. This positive development was also due to the Daimler management team's rapid response to the crisis in the form of immediate measures taken to safeguard liquidity, optimize costs, adjust production operations and ensure a stronger focus on cash flow. Investors were also encouraged by positive developments on the Chinese automotive market. This momentum was reinforced by various other strategic initiatives in addition to the announcement that Daimler Truck AG and the Volvo Group would be establishing a joint venture for series production of fuel cells, in part to support the European Green Deal.

Following a brief consolidation phase around the middle of the year, automotive stocks, which had come under strong pressure throughout the previous course of the year, were able to rally and post significant gains once again. The Daimler share benefited here initially from the release of our financial figures for the second quarter of 2020, which turned out to be more favorable than most analysts had expected. The announcement of measures for optimizing fixed costs also played a role in the positive development of the share price. In addition, agreements in principle regarding the settlement of government and civil legal actions in the United States in connection with diesel emissions, as well as the positive sales figures recorded by Mercedes-Benz Cars and the presentation of the new S-Class, led to increased investment in our company.

A.03

Share price index



During the Mercedes-Benz Strategy Update online investor and analyst conference at the beginning of October, management explained the strategy for the Mercedes-Benz Cars business. Our objectives and plans were very well received by analysts and investors. Such plans include enhancing the Mercedes-Benz brand's status in the luxury segment and the implementation of measures for achieving further growth for our Mercedes-AMG, Mercedes-Maybach and Mercedes-EQ sub-brands. Core elements of these plans include accelerating the development of electric drive systems and vehicle software for the electrification of the entire product portfolio and our intention to make all of our business operations completely CO₂-neutral, as set out in the Ambition 2039 strategy. We also have further plans for reducing costs and pursuing more ambitious financial targets, which are intended to accompany a lowering of our break-even point. Solid business development at the Group in the third quarter, including free cash flow that was significantly higher than market expectations, had a positive effect on the development of our share price. Hopes regarding the rapid availability of a covid-19 vaccine, as well as the continued recovery of the Chinese economy and rising automotive sales in that country, generated renewed momentum for automotive stocks toward the end of the year. On December 16, the Daimler share price reached €58.77, which was the highest price for the year.

The Daimler share then closed at €57.79 on December 30. At the end of the year, Daimler had a market capitalization of €61.8 billion (2019: €52.8 billion). With a total increase of 17% in 2020, the development of Daimler's share price was thus better than that of the DAX (+4%) and the STOXX Europe Auto Index (+4%). When the dividend payout of €0.90 per share is included, our shareholders saw the value of their investment increase by 19%. The index of the most important equities in the euro zone, the Euro STOXX 50, decreased by 5% in 2020.

Broad shareholder structure

Daimler continues to have a broad shareholder base of approximately 1.0 million shareholders (2019: 1.0 million). Tenaciu3 Prospect Investment Limited, a company controlled by the Chinese entrepreneur Li Shufu, who is also the founder and CEO of Geely, became Daimler AG's largest individual shareholder in 2018. Tenaciu3 Prospect Investment Limited currently owns 9.7% of the company's shares. The Kuwait Investment Authority (KIA) currently owns 6.8% of the company's stock, making it Daimler AG's second-largest single shareholder. The Chinese BAIC Group acquired an interest in Daimler AG in 2019 via its wholly owned subsidiary Investment Global Co. Ltd. With approximately 5% of Daimler's equity capital, the BAIC Group is Daimler AG's third-largest single shareholder. The Renault-Nissan Alliance holds 3.1% of Daimler's shares.

Voting-rights notifications are published on the Internet at [daimler.com/investors/share/voting-rights](https://www.daimler.com/investors/share/voting-rights)

Institutional investors hold a total of 54% of our equity capital, while private investors own 21%. Approximately 60% of our capital is in the hands of European investors and around 13% is held by US investors. Investors from Asia hold around 16% of our equity capital.

With a weighting of 4.49% (2019: 3.95%), Daimler was ranked seventh in the German share index DAX 30 at the end of 2020. In the Euro STOXX 50 index, our shares had a weighting of 1.88% (2019: 1.55%), which put Daimler in 21st place. Daimler shares are listed on the regulated market at the stock exchanges in Frankfurt and Stuttgart. A total volume of 1,487 million shares were traded in Germany in 2020 (2019: 1,108 million). A substantial number of Daimler shares are now also traded on multilateral trading platforms and in the over-the-counter market.

A.04

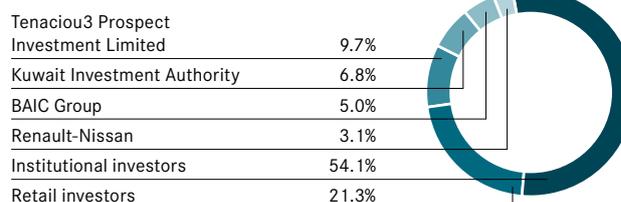
Key figures for Daimler shares

	End of 2020	End of 2019	20/19 % change
Amounts in euros			
Number of shareholders (in millions)	1.0	1.0	0
Number of shares (in millions)	1,069.8	1,069.8	0
Market capitalization (in billions of euros)	61.8	52.8	+17
Equity per share (Dec. 31)	56.73	57.34	-1
Net profit per share	3.39	2.22	+53
Dividend per share	1.35	0.90	+50

A.05

Shareholder structure as of December 31, 2020

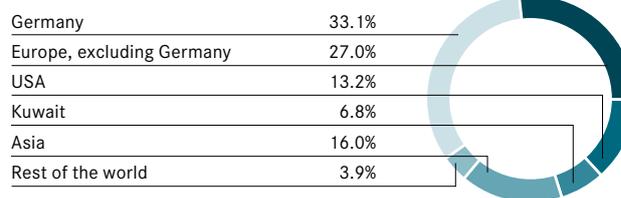
By type of shareholder



A.06

Shareholder structure as of December 31, 2020

By region



Employee stock purchase plan implemented once again

Staff members entitled to purchase employee stock were able to do so once again in March 2020. As was the case in the previous year, price-reduced shares as well as bonus shares were offered. At 28.9%, the participation rate in the year under review was once again significantly higher than in the previous years (2019: 25.5%). A total of 52,500 employees took part in the program (2019: 45,700), which is the highest number since the program was launched. The total number of shares purchased by employees also increased substantially once again, from 811,000 in 2019 to approximately 1,038,000, of which just under 93,900 were bonus shares (2019: 73,200) in the year under review. In connection with the attendance bonus program, approximately 14,400 shares were additionally purchased and transferred to the beneficiaries (2019: 15,600).

First virtual Daimler AG Annual Shareholders' Meeting

The covid-19 pandemic forced us to postpone our Annual Shareholders' Meeting, which had been scheduled to take place as a meeting in person on April 1, 2020. The first virtual Annual Shareholders' Meeting of Daimler AG took place on July 8, 2020 on the basis of a law passed by the legislators at short notice allowing annual shareholders' meetings to be held without shareholders or proxies having to be present in person (virtual Annual Shareholders' Meeting). It was broadcast on the Internet from a studio in Stuttgart for the shareholders, around 12,000 of whom followed the event. A total of 53.28% (2019: 52.91%) of the equity capital was represented at the meeting.

A large majority of the shareholders approved each of the agenda points proposed by the company's management. The majority of shareholders approved the resolution on the ratification of Board of Management and Supervisory Board members' actions in the 2019 financial year. The Annual Shareholders' Meeting approved a dividend payout of €0.90 per share (2019: €3.25), which means the total dividend amounted to €1.0 billion. The remuneration system for the Board of Management members was approved by a large majority (95.33%). Information on the remuneration system can be found in the chapter  [Remuneration report](#).

In addition, the Annual Shareholders' Meeting elected Timotheus Höttges, Chief Executive Officer of Deutsche Telekom AG, Bonn, to the Supervisory Board as a shareholder representative. Mr. Höttges succeeds Dr. Paul Achleitner, who had been a member of Daimler's Supervisory Board since 2010 and whose term of office ended at the end of the 2020 Annual Shareholders' Meeting. The term of Timotheus Höttges will end when the Annual Shareholders' Meeting is held in 2025.

Furthermore, the Annual Shareholders' Meeting authorized the Board of Management to take various financing measures such as the acquisition and sale of the company's own shares. Against the background of the covid-19 pandemic, the Annual Shareholders' Meeting also resolved amendments to the Articles of Incorporation which, for example, also permit the transmission of audio and video of the Annual Shareholders' Meeting and enable electronic participation by shareholders in the Annual Shareholders' Meeting in the future.

The convening and the voting results of the Annual Shareholders' Meeting 2020 are available on the Internet at  [daimler.com/ir/am2020](https://register.daimler.com)

Our e-service for shareholders, which we have been offering as a personalized service for many years now, ensured that we were very well prepared for the first virtual Annual Shareholders' Meeting. Due to the new requirements, such as transmitting video and audio feeds of the entire Annual Shareholders' Meeting via the Internet for the shareholders and the facility to submit questions electronically in the run-up to the Annual Shareholders' Meeting, it was necessary to develop new components and application functions at short notice. With their agreement, a total of 210,000 (2019: 220,000) shareholders received the invitation and the agenda for the Daimler Annual Shareholders' Meeting by e-mail rather than by post in 2020. We would like to thank those shareholders for helping to protect the environment and cut costs. Our shareholders continued to make good use of our range of personalized electronic information and communication during the reporting year.

Access to the e-service for shareholders and additional information can be found on the internet at

 <https://register.daimler.com>

Refinancing and rating

Details of our refinancing activities and the development of our credit ratings in the course of the financial year 2020 can be found in the Liquidity and Capital Resources section on

 [Financial Position](#).

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 CO₂-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 CO₂-neutral by 2039. More specifically, this means we plan to achieve CO₂-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 CO₂-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 CO₂-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 CO₂-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 CO₂-neutral for their entire life cycle by 2039. For commercially used vans, the goal is to offer only new vehicles that are CO₂-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 CO₂-neutral by 2022.

On its path to achieving CO₂-neutral transportation, **Daimler Trucks & Buses** aims to offer only new vehicles that are CO₂-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 CO₂-neutral by 2022.

Daimler Mobility's sustainability efforts are focusing on avoiding and reducing CO₂ 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 CO₂-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 CO₂-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 CO₂-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 CO₂ emissions: 0 g/km)¹ 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.

¹ 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 CO₂ emissions: 0 g/km; range: 417-418 km)¹ 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.

¹ 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 CO₂ emissions: 0 g/km; range: 421 km)¹, eSprinter (combined electricity consumption: 37.1–32.5 kWh/100 km; combined CO₂ emissions: 0 g/km; range: 120–168 km)¹ and EQV (combined electricity consumption: 26.4–26.3 kWh/100 km; combined CO₂ emissions: 0 g/km; range: 417–418 km)¹ 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.

¹ 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 CO₂-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 CO₂-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

