

Embargo: Start of speech

Speech by the Chief of Supervisory Board,
Dr. Manfred Bischoff,
at the Annual Shareholders' Meeting of Daimler AG
Stuttgart, March 31, 2021

Check against delivery!

Shareholders,
Shareholder Representatives,
Ladies and Gentlemen,

I would like to welcome you all on behalf of the Supervisory Board and the Board of Management, and hereby open the 2021 virtual Annual Meeting of Daimler AG. As Chairman of the Supervisory Board, I am presiding over the meeting in accordance with the Articles of Incorporation.

Ladies and Gentlemen,

We all hoped that the restrictions connected with the covid-19 pandemic would be over by spring 2021. Unfortunately, our hopes have not been fulfilled. Against this background, the Board of Management, with the approval of the Supervisory Board, has decided to hold the 2021 Annual Meeting as a purely virtual Annual Meeting without the physical presence of the shareholders or their proxies, in accordance with the provisions of Germany's Covid-19 Measures Act as amended on December 22. Solely the Company's proxies will be present on site. The Annual Meeting is being broadcast in full on the Internet in German and English via the access-protected e-service for shareholders entered in the share register, their representatives, invited guests and accredited media representatives. Until we start answering your questions, the broadcast will also be generally accessible on the Internet.

[Outlook and review]

Ladies and Gentlemen,

The year 2020 was the most challenging for our Company during my term as Chairman of the Supervisory Board. The pandemic and its consequences became a stress test for many companies in many industries. Daimler took effective countermeasures at all its plants and other facilities at an early stage. Our top priority was, and continues to be, to protect the health of our employees. At the same time, we had to continue pushing forward at full speed with the transformation to sustainable, emission-free mobility. Another factor was that expectations for growth rates in the automotive sector weakened, while we had to keep an eye on the risks to the free movement of goods and merchandise posed by political conflicts. Last but not least, awareness of sustainability, especially climate protection, grew

significantly in all our main markets. Accordingly, our Company revised, and in some cases redefined, the strategic focus areas.

In close consultation with the Supervisory Board, the Board of Management took timely measures to safeguard liquidity and reduce costs without neglecting its focus on the technological fields of the future.

I believe our Company passed this stress test with flying colors.

Allow me today to take a critical look not only at the past year and the challenges of the future, but also at the last 15 years of my tenure in the Supervisory Board. After all, these are key experiences for our actions today.

Let's go back to 2007. In October of that year, we invited our shareholders to attend an Extraordinary Meeting. It was my first Shareholders' Meeting as Chairman of the Supervisory Board. The only item on the agenda from the Management was the sale of our shares in Chrysler with the renaming of the Company from DaimlerChrysler AG to Daimler AG. This sale was a difficult admission for everyone, especially the Board of Management, but also the Supervisory Board: Entrepreneurial decisions always relate to the future and are thus exposed to the risk of being wrong. That's why entrepreneurial action also requires the courage to correct misjudgments as quickly as possible.

Daimler was in the process of refocusing on its strengths when the financial crisis hit us with full force in 2008. This was also because we were not prepared for such a crisis. In 2009, the foundation was then laid for the growth path of future years. The goal was to overtake the competition in terms of unit sales and profitability by 2020. This was to be achieved with an unprecedented model offensive along with simultaneous, in some cases painful, rationalization measures. The new S-Class had its premiere in 2013 in a new design language and was a complete success. This model heralded a new era and the beginning of the upswing for Daimler.

I still remember a conversation with Dieter Zetsche in which I told him that if the new S-Class was a flop, two people would have to go: "You and me." His answer was, "Me, I understand, but why you?" "Because I supported you in this strategy," was my reply.

The following years then showed a steady upward trend. The goal proclaimed by Dieter Zetsche and supported by the Supervisory Board of becoming the largest premium manufacturer in terms of revenue was the driving force in a positive market environment. And

indeed, it came to be that in 2017 we had the best earnings in the Company's history of more than ten billion euros. The strategy of focusing on growth was a complete success. Based on the available forecasts, the Board of Management anticipated the same growth rates as before for the subsequent years. The Supervisory Board concurred with this assessment. The first signs of a weakening automotive market then emerged already in 2018. In that year and in 2019, it also became apparent that our costs had increased at least as fast as our revenue. The critics who say this should have been seen much earlier did not say so in 2017. We are all smarter with hindsight. With the knowledge we have today, we would certainly have done some things differently.

We all know how difficult it is to put the brakes on when everything is going well. We also all know that serious changes are very difficult to implement without being obliged to do so.

At that time, we also had the challenges posed by the transformation of our industry. Electrification, digitization, automated driving and connectivity necessitated considerable expenditure for the future. Positive earnings could only be achieved from vehicles with combustion engines; the profit margins on vehicles with electric drive were nowhere near those from conventional vehicles.

The Company learned the necessary lessons from the sum of these experiences and implemented them as of 2019 and increasingly in 2020.

This includes focusing on our DNA and our core business as a premium manufacturer, as well as concentrating our product portfolio. It is also right to focus on earnings and cash flow rather than on sales figures alone, because this makes the Company less vulnerable and more crisis-proof in the long term. We are fully committed to the goals of the Paris climate agreement and defined ways to achieve them at an early stage with our Ambition 2039. Our cars will be produced on a carbon-neutral basis in our plants as early as 2022. What we need beyond that is a responsible balance of environmental, social and financial goals. This balance also guides our strategy. As part of a sustainable business strategy, it would not be legitimate to focus exclusively on financial targets. We must also show why our strategy is environmentally and socially acceptable. It is becoming increasingly clear that companies are required to demonstrate their contribution to the well-being of society – in almost all the markets in which they operate. Otherwise, they will lose acceptance in society, whether among customers, investors, politicians or the general public. The bottom line is that there can no longer be any doubt; our goal must be sustainable business, or in the long term we will

be out of business. This is another reason why it is our task to take a pioneering role in the era of electrification and digitization, and to accelerate the expansion of these fields at the levels of product, production and sales. With this in mind, and underpinned by the corresponding expenditure on future technologies, lowering the break-even point by cutting costs and reducing investments is essential to make the Company more crisis-proof in the future.

As in previous years, the Supervisory Board, together with the Board of Management, discussed in detail the geopolitical challenges, especially the tense relationship between the United States, China and Europe, and debated the potential risks for Daimler. Despite all the risks, we continue to believe that our Company must be present in the world's biggest automotive markets.

Ladies and Gentlemen,

Our founding fathers established the era of the petroleum-based automobile. Now that this fossil era is coming to an end, we are shaping the new era of CO₂-neutral vehicles. Mercedes is to become the leading brand for electric mobility and vehicle software! When I see where our Company stands today and the decisions we have made recently, I am satisfied that I have been able to play my part.

[Dividend]

The Supervisory Board and the Board of Management today propose to the shareholders the distribution of a dividend of one euro and 35 cents per share. This is in line with our fundamental policy of paying out approximately 40 percent of our net profit to the shareholders. The dividend proposal also takes into account the careful and prudent consideration of the interests of all stakeholders to whom the Company is committed, as well as the current business situation, especially liquidity and the business outlook.

[Legal issues]

Ladies and Gentlemen,

In 2020, the Board of Management and the Supervisory Board again had to deal with antitrust matters and the proceedings relating to diesel emissions. In all proceedings, in all countries where they are pending, the Company has cooperated fully with the authorities and ensured transparency. The Supervisory Board was kept informed of relevant developments on an ongoing basis. Six members of the Supervisory Board dealt with the matters in particular depth in the Supervisory Board's Legal Committee.

The truck antitrust case, which has already been concluded by the authorities, continued to occupy the Supervisory Board against the background of pending antitrust claims for damages by customers. The Supervisory Board also dealt with the progress of the ongoing antitrust proceedings relating to exhaust-gas cleaning technologies. As in previous years, the Supervisory Board commissioned an independent law firm to investigate whether and to what extent former or current Board of Management members might be liable in connection with the antitrust matters. The Supervisory Board has taken appropriate measures to counter any risks relating to the statute of limitations.

In addition, the Supervisory Board commissioned another independent expert, Professor Habersack, to examine whether the Supervisory Board had fulfilled its duties in this regard. In his statement of opinion, Prof. Habersack comes to the conclusion that the Supervisory Board has fully complied with its duties. You will find Prof. Habersack's statement on the Daimler website with the statement by the Board of Management on the counter motions for today's Annual Meeting.

In the fall of 2020, Daimler succeeded in taking a significant step towards addressing the issue of diesel emissions. The Company reached settlements with the US authorities and consumer plaintiffs to end the proceedings in the United States.

The investigations by the US authorities dragged on for many years due to the technical complexity of exhaust-gas aftertreatment. The authorities were of the opinion that the Company had violated US regulations. Notwithstanding the settlement, Daimler maintains that the technical functions concerned were within the applicable legal framework.

The Board of Management received advice from several independent law firms in reaching its decision on the settlements. The Supervisory Board had already commissioned an

independent law firm in 2016 to monitor and evaluate the proceedings on an ongoing basis. It regularly obtained comprehensive information on this from its legal counsel and the Board of Management. It examined whether the decision of the Board of Management and the possible approval of the Supervisory Board within the framework of the given options – acceptance of the settlement or rejection and thus legal proceedings in the United States – would be in the interests of the Company. Also on the basis of historical experience with legal proceedings in the United States, all experts unanimously came to the conclusion that a settlement was in the best interests of the Company and was fully covered by the business judgement rule. The Legal Committee of the Supervisory Board and the Supervisory Board itself concurred with the decision of the Board of Management on the basis of their own assessment of the settlement proposals and various expert opinions, and also after intensive discussion with their independent legal counsel.

As an expression of confidence, the US authorities have assigned the Legal Committee of the Supervisory Board the task of self-monitoring compliance with the obligations under the settlement.

At the same time, Daimler has further developed the technical compliance management system that was already established in previous years, in order to identify and prevent technical problems as early as possible in the future. The system has been certified for emissions by an independent auditing firm and is rated as exemplary by the US authorities.

The Supervisory Board is vigorously pursuing the investigation into the responsibilities of the Board of Management. It is having an independent law firm examine how it was possible for the diesel issue arise and whether Board of Management members breached their duties under stock corporation law. This investigation is continuing. It is being carried out with great care to ensure that the findings can be verified at a later date. The Supervisory Board will decide on any measures to be implemented as soon as the report is available. The Legal Committee of the Supervisory Board and the Supervisory Board itself have examined the matter with their legal counsel and have ensured that there are no risks relating to the statute of limitations.

Rest assured that the Supervisory Board will vigorously take all the necessary measures under stock corporation law.

[Supervisory Board remuneration]

Ladies and Gentlemen,

The system of Supervisory Board remuneration was approved by you at the 2017 Annual Meeting. The only new aspect is that we set up a Legal Committee in summer 2019. With the exception of the remuneration of that committee's members and chairperson, the remuneration system is to remain unchanged. In preparation for referral to the Supervisory Board, the Legal Affairs Committee deals in detail with the main legal proceedings and their sometimes very complex facts and considerations. It has devoted much time to performing these tasks comprehensively since 2019. In the settlements on the diesel emissions issue with US authorities and consumer plaintiffs, the Committee's tasks were once again substantially expanded: It now also has to monitor for compliance with the conditions imposed on the Company in the settlements. It is therefore appropriate to adjust the remuneration for the members and chairperson of the Legal Committee to reflect the increased scope of the tasks and the time required. This is also in line with the recommendation of the German Corporate Governance Code to take appropriate account of increased time requirements for chairpersons and members of Supervisory Board committees when determining their remuneration.

[Personnel matters]

Ladies and Gentlemen,

I come now to the personnel matters of the Board of Management and the Supervisory Board.

I already reported to you at the last Annual Meeting on the reappointment of Hubertus Troska as a member of the Board of Management with responsibility for Greater China for a further five years, with effect from January 1, 2021. No further personnel decisions regarding the Board of Management have been made since then.

At the end of today's Annual Meeting, Petraea Heynicke, Dr. Jürgen Hambrecht and myself will step down from the Supervisory Board. I would like to express our great thanks to Petraea Heynicke and Jürgen Hambrecht for their commitment to the Company and their outstanding contributions over the past years, and wish them the very best for the future! They have been a great support to us!

Based on the recommendation of the Nomination Committee, Elizabeth Centoni, Chief Strategy Officer and General Management Applications at Cisco Systems Inc. with responsibility for Strategy and Emerging Technology & Incubation, Ben van Beurden, CEO of Royal Dutch Shell plc., and Dr. Martin Brudermüller, Chairman of the Board of Executive Directors of BASF SE, are proposed for election for the first time under Item 6 of today's Agenda. With these three, we have succeeded in recruiting outstanding corporate leaders to succeed the departing members. They are candidates who, with their wide-ranging management experience and areas of expertise, will cover key areas of the challenges we face in the future. The candidates will be elected for a term of four years instead of the maximum five years permitted by law. In this way, we aim to meet the expectations of institutional investors in particular and the requirements of modern corporate governance.

All three candidates will now briefly introduce themselves to you.

Video Clips

[Successor as Supervisory Board Chairman]

Ladies and Gentlemen,

In its meeting in December 2020, the Supervisory Board unanimously decided to propose Dr. Bernd Pischetsrieder for election as Chairman of the Supervisory Board at the constituent Supervisory Board meeting following the conclusion of today's Annual Meeting. I am delighted with this decision by the Supervisory Board because Bernd Pischetsrieder is an executive with automotive experience like no other. As an engineer, he has already closely accompanied and supported the Board of Management in all technological challenges in the past. Added to this are his extensive experience in companies subject to codetermination and his mediation skills. With the election of Bernd Pischetsrieder, the chairmanship of the Supervisory Board will be in the best hands.

[Conclusion, thanks and handover to Källenius]

In summary, I would like to express my firm conviction that our Company is extremely well positioned for the future. We have an excellent Board of Management with an outstanding Chairman. All the main steps to master the technological challenges of the coming years have

been initiated. The necessary cost-cutting measures have been defined and their consistent implementation is underway.

And we have initiated the restructuring of the Group with the formation of two powerful, independent Daimler Group companies. It was extremely important to me that this essential transformation be initiated during my term of office. A decision for such a significant structural change is never taken lightly, but after thorough analysis and examination. The fact is that the transformation of our industry now more than ever requires speed and an undivided focus on innovation. Mercedes-Benz and Daimler Truck, in the future listed on the stock exchange and with a minority shareholding in Daimler Truck, are to focus all their energy on developing their own businesses with their specific challenges. Wherever possible, the management boards of both the future Mercedes-Benz AG and Daimler AG are to be identically staffed and the administrative departments are to be merged. With a clear focus on commercial vehicles on the one hand and premium cars and vans on the other, we create the conditions for economically more successful companies and thus also job security.

For you as Daimler AG shareholders, this means that you will also receive Daimler Truck shares when the planned new structure is implemented. We are sure that this measure will also lead to reducing the so-called conglomerate discount, which is certainly in your interests as shareholders.

It is planned for you, our shareholders, to decide on this important structural change at an Extraordinary Shareholders' Meeting this fall. I am certain that Mercedes-Benz and Daimler Truck will be even stronger as independent companies. They will be able to realize their full potential. And I am convinced that we will be able to create more value in this way – for customers, employees and shareholders.

Ladies and Gentlemen,

Your Company's products and services are in high demand across all major markets and across all business areas. And, just as importantly, our Company has proven that it is able to generate the capital needed to finance the ongoing transformation itself.

What I want for our Company is:
that we live our corporate values,
that we are aware of our responsibility to society,

that we become even more involved in the social debate on the right balance between ecology, economy and a free society, and that we continue to make our contribution to technological progress and systematically follow the path we have chosen with regard to electrification and digitization, with consistent implementation of the defined strategic building blocks.

It must be clear to everyone at the Group that we have to be at least as fast as our old and new competitors. We have made great progress in 2020. There are many good reasons to be confident that the measures we have initiated will strengthen our Company for the future!

I would like to conclude with a word of thanks.

In 2006, it was an honor for me to be elected to the Supervisory Board of our Company, which I joined in 1976. The trust of my colleagues in the Supervisory Board to elect me as Chairman in 2007 spurred me on even more to do my best for the three-pointed star. I would like to thank you, the shareholders, for the trust you have placed in me and for your understanding that, as Chairman of our Annual Meetings, I have had to resort to restrictive measures from time to time. I was pleased by many of your questions at the Annual Meetings, surprised by some, and annoyed by a few, which then led to spontaneous comments on my part and “brought life into the room” – which, by the way, was to the displeasure of our legal colleagues in the background.

It is up to you to judge my work as Chairman of the Supervisory Board during these 14 years. As the saying goes, “By their deeds you shall judge them.”

The Board of Management will now report to you on the past financial year and provide an outlook for the future.

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