

Chairman's Letter

Dear Shareholders,

We look back on 2020 as an exceptional year in many respects. The pandemic and its consequences have resulted in a stress test for almost every company in almost every industry. Daimler took effective countermeasures at all of its production and office sites at an early stage. The top priority has been and remains protecting our employees' health. At the same time, the company secured its liquidity, continued to drive forward future projects and set the course for long-term success. Therefore, I think it's fair to say that Daimler has mastered this test very well.

2020 Review

We achieved our financial objectives under the adverse circumstances of the pandemic. Our results were significantly above market expectations reflecting significant improvements in cost-efficiencies. With rapid growth in our xEV sales and the introduction of new products and technologies, we have taken important steps toward our "Ambition 2039" goals. As a result, we met the European CO₂ targets for passenger cars in 2020. What's more, Daimler managed to re-focus its strategy to actively drive the transformation of the industry. Mercedes-Benz set off on a new strategic course that will pursue profitable growth in the luxury segment and target leadership in electric drives and car software with a clear statement: "We will build the most desirable cars." Our other business divisions re-worked their strategies as well. We will learn more about that from Mercedes-Benz Vans and Daimler Trucks & Buses in the course of 2021.

Separation of the industrial businesses and majority listing of Daimler Truck

In order to reinforce and accelerate the implementation of our strategy the Supervisory Board and the Board of Management of Daimler agreed to evaluate a spin-off of its Truck and Bus business and begin preparations for a separate listing of Daimler Trucks. This is a historic step for Daimler. It represents the start of a profound reshaping of the company. Mercedes-Benz Cars & Vans and Daimler Trucks & Buses are different businesses with specific customer groups, technology paths and capital requirements. They each deserve the freedom to focus on their needs. We are convinced that independent management and governance will enable both businesses to transform successfully. With independence also comes ultimate customer dedication and even more entrepreneurial responsibility. We believe these are the best ingredients to foster value creation for our shareholders and unlock the full potential of two strong, independent businesses.

Dividend payments

Our dividend policy targets a payout ratio of 40% covered by the Free Cash Flow of the industrial business, which we consider a fair balance of stakeholder interests. At the Annual Shareholders' Meeting, the Board of Management and the Supervisory Board will propose the distribution of a dividend of 1 euro and 35 cents per share. This is consistent with capital market expectations reflecting the challenging business environment in 2020.

Interaction with shareholders under COVID-19 circumstances

Daimler held its 2020 shareholders' meeting virtually, in accordance with the German COVID-19 Act. Although the Act, effective at the time, only provided for the opportunity and not the right of shareholders to ask questions, Daimler answered all shareholders' questions duly filed upfront with reference to the items of the agenda. Beyond that, Daimler voluntarily considered shareholder counter-motions that needed to be made accessible to have been made in the Annual General Meeting (AGM).

As for the 2021 ordinary shareholders meeting, the German COVID-19 Act was amended to strengthen shareholders' rights, i.e., by transforming the opportunity to ask questions into a right up to one day before the AGM. In order to facilitate execution of this right, Daimler will publish the key messages of the speeches of the CEO and the Chairman before the deadline to file questions. Moreover, Daimler will offer to disclose shareholders' video statements duly filed via the e-service for shareholders.

Shorter mandate period and new Supervisory Board Candidates

The election of the candidates as Supervisory Board members of the shareholders is proposed for a term of four years instead of five. By doing so, our aim is to meet the expectations of many investors, as well as the requirements of modern corporate governance.

After this year's Annual General Meeting, Petraea Heynike, Dr. Jürgen Hambrecht and I will leave the Supervisory Board. With the support of two renowned personnel consultancies and based on our requirement profile, the nomination committee has succeeded in gaining three outstanding company leaders as our successors. These candidates can cover key areas of activity for our future with their extensive experience in digitalization and software, electrochemistry and energy, as well as internationalization and transformation:

- Elizabeth Centoni, Senior Vice President, Strategy and Emerging Technology & Incubation at Cisco
- Ben van Beurden, Chief Executive Officer of Shell
- Dr. Martin Bruder Müller, Chairman of the Board of Management of BASF

Ben van Beurden and Dr. Martin Bruder Müller have no other mandate on statutory supervisory boards or comparable supervisory bodies other than the intended mandate on the Daimler Supervisory Board. Elizabeth Centoni is a member of the Board of Directors of the publicly listed Ingersoll Rand Inc., but does not hold any other comparable mandates.

Successor to the Chairman of the Supervisory Board

The Supervisory Board has decided that, following my resignation from the Supervisory Board at the end of the Annual General Meeting in 2021, the incumbent Supervisory Board member, Dr. Bernd Pischetsrieder, will be proposed as a candidate for the Chairmanship of the Supervisory Board. I am very pleased with this selection, as Bernd Pischetsrieder is a manager with unique automotive experience and broad and deep knowledge in the fields of electric drive train technology and car digitization. As an engineer, he has already worked closely with and supported the Board of Management in all technological challenges in the past. In addition, he has extensive experience in co-determined companies and the right mindset to help guide the company into the future. With the election of Bernd Pischetsrieder, the Chairmanship of the Supervisory Board will be in the best of hands.

Diesel settlements

In the interest of a future-orientated business strategy, the Supervisory Board attaches great importance to the resolution of the diesel emissions matter. The matter has been on the agenda of nearly every Supervisory Board meeting. Its members devote substantial attention thereto. For years, it has instructed its own independent legal counsel to closely monitor and analyze all aspects of this matter. Highlighting its importance, the Supervisory Board has entrusted six of its members in the Committee for Legal Affairs with intensifying its supervision. The Supervisory Board devotes high attention to ensuring the continuous provision of all relevant information from a wide variety of sources.

With the settlements in the United States, Daimler has taken important steps toward resolving the diesel emissions matter and has created considerable legal certainty in this important market. The settlements and their stipulations are the result of transparent communications with relevant authorities that safeguard the rights of the company. They are expected to enter into force, following formal court approval. According to the unanimous opinion of the experts involved, the company has achieved a reasonable outcome under the complex regulatory circumstances. Leading up to and during negotiations, the Supervisory Board assessed the proposals. Based on its

independent evaluation of the settlement documentation and opinions rendered by leading experts, the Supervisory Board unanimously concluded that the settlements are in the best interests of the company. Daimler continues to pursue other proceedings to achieve further legal certainty in the future. The role of the Supervisory Board is highlighted by the fact that the Committee for Legal Affairs has been entrusted with monitoring the implementation of the U.S. regulatory settlement.

At the same time, the company continuously advances its state-of-the-art technical compliance management system. An independent auditing company recently certified its appropriateness, implementation and effectiveness with regard to emissions topics.

An additional focus lies on determining Management Board responsibility. The Supervisory Board continues to examine in detail what led to the diesel emissions matter and, in accordance with its legal obligations, is analyzing whether appropriate measures were omitted at Management Board level. This ongoing assessment is being conducted with great accuracy to provide the Supervisory Board with robust information for its further decisions. The Supervisory Board has determined that potential claims will not be subject to the statute of limitation in the near future. With these measures, the Supervisory Board is fully performing its supervision tasks under stock corporation law.

For details, please refer to the attached statement of the Supervisory Board's external legal counsel summarizing the measures taken by the Supervisory Board since the beginning of the diesel emissions matter.

Antitrust matters

Furthermore, antitrust matters remain an important issue for the Supervisory Board. In the proceedings led by the European Commission with regard to clean emission technology, the company is closely and trustfully cooperating with the authority. In this context, the company filed an application for immunity from fines (leniency application). In these proceedings and with regard to the trucks proceeding already concluded by the authority, the Supervisory Board still surveys potential compensation claims against current or former members of the Board of Management and thereby fully performs its supervision tasks under stock corporation law. This was confirmed again in February 2021 in an amended expert opinion by Prof. Habersack; an updated statement is attached to this letter.

Outlook

Daimler's products and services continue to be in great demand across all major markets and divisions. Equally important, our company proved its ability to generate the funds to finance the ongoing transformation on its own. Given the substantial progress we made in 2020, we are looking ahead to 2021 with optimism. We invite you to continue accompanying us as we travel into a promising future.

Sincerely yours,



Dr. Manfred Bischoff