

DAIMLER TRUCK

Chairman's Letter

Dear Shareholders,

Looking back at 2022, I can say without exaggeration that it was a very dynamic year in many ways. A difficult year that was heavily influenced by the Russian war on Ukraine and other geopolitical challenges, some ongoing effects from COVID and strained supply chains. However, it was also a very successful year for Daimler Truck, in which the management team led through the difficult and in some areas new environment with great care and achieved the best result in Daimler Truck history together with the entire global team. Even under these challenging circumstances, the company kept its focus on long-term priorities and set the course for a successful transformation. Moreover, 2022 was the first full year as an independent, listed company – and in this respect also the start of a new era for Daimler Truck.

Economic and geopolitical situation

Russia's brutal attack on Ukraine has created severe issues for the world community in many respects. This humanitarian tragedy has persisted for more than one year, with little prospect of a rapid resolution. I am grateful that the global Daimler Truck team has supported the Ukrainian people with extensive aid projects both inside and outside the company and showed its solidarity. As you know, the war on Ukraine also led to our rapid decision that Daimler Truck would completely suspend its business activities in Russia.

Furthermore, other regions also had difficulties to deal with. The extended lockdown and the consequences of the pandemic after its end significantly weakened China's economic strength and order. All this contributed largely to the increase in raw material and energy prices, leading to high inflation. As a result, supply bottlenecks and other disruptions to global supply chains were also endemic in 2022. The same applies to extreme manifestations of the climate crisis, which we are now experiencing all around the world.

Especially in view of these volatile global circumstances, Daimler Truck was determined to continue the further development of its strategy and above all maintain the focus on its vision of sustainable transportation with full commitment.

2022 Review – Focus on sustainable profitability

In the financial year 2022, Daimler Truck attached great importance to sustainability in developing its strategy and positioning further. At the end of 2022 the company already had eight emission-free truck and bus models in its product offering. At the same time, the European sites achieved a CO₂-neutral balance in production, in parts by using CO₂-free electricity from renewable energy sources.

Furthermore, the company is strongly committed to the respect and protection of human rights. Daimler Truck affirms this commitment in its "Declaration of Principles on Social Responsibility and Human Rights", which was renewed in 2022. The company expects the same behavior from its business partners along the entire value chain.

Sustainability is and remains an integral part of Daimler Truck's business strategy. This is also demonstrated by the elevated ambitions the company has set for itself going forward: By the end of 2023, it plans to expand its product range to ten battery-electric series-production models. As part of the global "Green Production Initiative", production-related CO₂ emissions are to be reduced by 42% through 2030. And in terms of gender diversity, at least 25% of managers are to be female by 2030. Also by the same time frame, up to 60% of Daimler Truck unit sales in Europe, North America and Japan are forecasted to be zero-emission vehicles. Furthermore, the company plans to offer only zero-emission city buses in Europe from 2030.

With the strategic partnerships announced in 2022, for example the infrastructure joint ventures for battery-electric and hydrogen-powered commercial vehicles in key regions North America and Europe, the company is further accelerating the technological transformation, and is limiting necessary investments and potential risks.

2022 financial situation and dividend

Enhancing the long-term strategy and achieving short-term financial goals are of equal importance for the sustainable success of any company. Daimler Truck made good progress in both areas in the first full financial year after the stock exchange listing. The group benefitted from strong demand in its key commercial vehicle markets and achieved its financial targets despite bottlenecks in the supply chain by significantly improving its profitability. All key performance indicators improved compared to the previous year – sales, revenue and earnings per share even rose significantly. EBIT reached a record historical level.

The successful course of business last year is to the credit of both – management and employees. On behalf of the entire Supervisory Board, I therefore wish to thank the global Daimler Truck team for its extraordinary commitment, dedication and achievements. I also want to thank our valued shareholders for their continued trust in us. At the Annual General Meeting on June 21, 2023, the Board of Management and Supervisory Board of Daimler Truck Holding AG will propose a dividend of €1.30 per share for the preceding financial year.


New remuneration system for the Board of Management with a focus on pay for Performance and Sustainability

At the Annual General Meeting in 2022, the Supervisory Board announced that the remuneration system for the Board of Management was to be revised. Taking into account feedback from investors and proxy advisors, we have made further improvements to the existing remuneration system. The new remuneration system (Remuneration System 2023+) will be submitted to the Annual General Meeting for approval on June 21, 2023.

With the revised Remuneration System 2023+, our intent is to align the remuneration of the Board of Management even more closely with the interests of shareholders. In future, the variable remuneration components of the Board of Management will be much more dependent on whether the company achieves not only its financial targets, but also its non-financial targets, especially in the area of sustainability. Moreover, the accountability of those members of the Board of Management who are responsible for the individual segments will be reflected in the remuneration system in the future.

The long-term Virtual Share-based Equity Plan (VSEP) is designed to further align the equity interests of the members of the Board of Management and the shareholders. To emphasize this, we are also strengthening the share ownership obligations of the members of the Board of Management.

A detailed description of the remuneration system can be found in the convocation notice for the Annual General Meeting or the overview in the 2022 Remuneration Report.

 [Remuneration of the Board of Management](#)

2023 Annual General Meeting


Also in view of the still uncertain pandemic situation during the planning process, and with due consideration of all the potential advantages and disadvantages, the Board of Management with the approval of the Supervisory Board has decided to hold the 2023 Annual General Meeting as a virtual event on the basis of the new legal provisions pertaining to virtual General Meetings which came into force in summer 2022. All the planning is designed to ensure that shareholders rights are fully maintained at all times.

Enabling the company to act flexibly with respect to the format of General Meetings in the coming years, and to allow further development of the digital systems involved, agenda item 8 proposes an amendment of the Articles of Incorporation with a corresponding authorization. This will allow the respective Boards to decide to hold the 2024 and 2025 General Meetings as virtual events. However, this expressly does not exclude the possibility of physical General Meetings or hybrid forms. For the duration of the authorization, and with due regard for all the circumstances, the company's administration will decide in each case which meeting format will best meet the interests of the shareholders and the company.

Work of the Supervisory Board in 2022

Alongside our supervisory role, the Supervisory Board focuses on advising the Board of Management on important current and future matters relating to corporate governance, such as sustainability, and strategic matters including the technological transformation. This was a major part of the work by the Supervisory Board last year. Other important topics included the strategy for the propulsion and driving assistance systems of the future, discussions for a sustainable business strategy, further development of the Board of Management's remuneration system as already mentioned, and implementation of the new German Corporate Governance Code.

In the course of our formal strategy meetings last September, we intensively discussed the strategic direction in the context of the transformation with the members of the Board of Management. The key topics included CO₂-neutral transportation in the context of the technological strategy for battery-electric and hydrogen drive systems, as well as infrastructure development. Further development of the service business and financial services was another major area in this strategic dialog.

More detailed information can be found in the report of the Supervisory Board on the 2022 financial year in the 2022 Annual Report.  [Daimler Truck Annual Report 2022](#)

Changes in the Board of Management and Supervisory Board

Following the recommendation of the Presidential and Remuneration Committee, we have appointed Karin Rådström, who is responsible for the Mercedes-Benz Trucks business and the regions Europe and Latin America, as a member of the Board of Management for a further five years from February 1, 2024 to January 31, 2029. Karin Rådström has done an excellent job and has successfully developed Mercedes-Benz Trucks in a difficult environment. She has set new levels in developing the performance culture and particularly promotes customer orientation, empowerment and diversity. We look forward to continuing our collaboration and to jointly shaping sustainable transportation.

On behalf of my colleagues, I also wish to thank Claudia Peter and Harald Dorn, who have left the Supervisory Board as employee representatives in November 2022, for their valuable contribution. Their newly elected successors are Andrea Seidel and Raymond Curry. We appreciate the constructive dialogue with the employee representatives on the Supervisory Board, which is an important factor for the strategic and transformative tasks to come.

Outlook 2023

We continue to feel confident about the business development of Daimler Truck in the current fiscal year. Despite the still very complex circumstances, e.g. high energy prices and continued challenges in parts of the supply chain, management is expecting the strong global demand in the truck market to continue. This is also reflected in the numbers for the first quarter of 2023.

The global Daimler Truck team continues to work hard to make the vision of sustainable transportation a success in every aspect. During the current year, the company plans to expand its portfolio of zero-emission series-production trucks and buses to ten models. It is also systematically pursuing its strategic goals with respect to autonomous driving (SAE Level 4), and is testing autonomous high-tech trucks of its Freightliner brand on public roads in several US states.

The entrepreneurial freedom of the Daimler Truck business opens up great self-help potential. In addition to the allocation of resources for innovation and market development, it allows significant cost reduction potentials. Therefore, it is our strong belief, that a leading position in terms of volume needs to be accompanied by a leading position with respect to profitability. At the same time, compliance and sustainability remain the foundation of our activities – at all times and everywhere.

I look forward to further developing Daimler Truck together with my colleagues in the Supervisory Board and to helping shape one of the most important transformations of our time. And I look forward to welcoming you at this year's virtual Annual General Meeting of Daimler Truck on June 21, 2023.

Sincerely yours,



Joe Kaeser